



Prominent South African church leaders leading a march in Cape Town Tuesday. From left to right, Abel Hendricks, Allan Boesak and Beyers Naude. They were later arrested.

taggering' Pollution Levels reported in New U.S. Survey

By Stuart Diamond

NEW YORK — The first survey of toxic chemicals emitted into the air in the United States has found hazardous levels are at far higher levels and at more locations than suspected, according to a congressional panel released Tuesday.

A survey of 80 large chemical

plants found that thousands of tons of cancer-causing agents and other hazardous materials are being released into the atmosphere from hundreds of factories. There are no uniform standards to control the emissions of most of the substances, the directors of the study said, and some of the materials are subject to no regulations.

"No government agency has ever attempted to gather this information, and the information we re-

ceived is not reassuring," said Henry A. Waxman, a California Democrat who ordered the survey as chairman of the House Subcommittee on Health and the Environment.

"Almost every chemical plant we received information about is releasing staggeringly high rates of hazardous chemicals, even in routine releases," he said.

Mr. Waxman said he planned to use the results to develop legislation for national standards to control the toxic materials.

The impetus for the survey stemmed from disclosures that no regulations controlled the release of methyl isocyanate, the substance that killed more than 2,000 people in Bhopal, India, on Dec. 3 after an accident at a Union Carbide pesticide plant.

There has been great interest in the survey because no national inventory has ever been taken of toxic chemicals emitted into the air, regulators said.

The U.S. Environmental Protection Agency last month surveyed Kanawha county in West Virginia, around a Union Carbide plant similar to the Bhopal plant. It found a spectrum of toxic substances in a region where some preliminary numbers have shown higher-than-normal numbers of cancer deaths at selected sites.

Selected questionnaires were sent in late January to 80 of the largest chemical companies asking them to list the amounts of proven and suspected carcinogens and other hazardous materials being released to the air. A total of 67 companies responded, about 50 of them in detail. The several thousand pages of documents were made available to The New York Times.

Mr. Waxman holds the vice presidency because of a deal between the ruling Brazilian Democratic Movement Party and dissidents of the Social Democratic Party, which was backed by the outgoing military regime, to ensure that Mr. Neves's election went smoothly. Mr. Neves is a former head of the Social Democrats.

Under the constitution, Mr. Neves could remain in the presidential palace for the four years of the head of state's mandate.

This seems unlikely, for Mr. Neves has promised to convene a constituent assembly in 1986 to restore presidential election by universal suffrage. He was chosen by the national Electoral College.

The key figure now is Ulysses Guimaraes, president of the Democratic Movement, who is also president of the Chamber of Deputies. Mr. Guimaraes eased the path for Mr. Neves by keeping Democratic Movement radicals quiet. Because he has the president-elect's confidence, he might be able to negotiate an end to the deadlock.

(Continued on Page 2, Col. 3)

Iraq Used Poison Gas against Iran, U.S. Says

By Bernard Gwertzman

NEW YORK — U.S. intelligence analysts have concluded that Iraq used chemical weapons during Iran's latest offensive in the southern sector, administration officials said Monday.

It was publicly condemned by the United States in March 1984 for using poison gas against Iran, then there had been no reports until Iran accused a week of having resumed poison gas.

Two reported victims of acts to Austria and West Germany, where some doctors voted as having said that the Iraq showed signs of having used mustard gas, a gas that damages any tissue.

Administration officials said the United States believes that Iran is mainly to blame for the continuation of the 34-month-old war and it is trying to bring as much pressure as possible on Iran to end the war. Iran seems to believe that by raising the chemical weapons charges, it can gain public support.

Mr. Kahl said: "We are interested in Iraq's ideas for international efforts, especially at the United Nations, to bring the earliest and most comprehensive end to the Iran-Iraq war and the human suffering it continues to cause. The United States firmly supports practical and balanced international efforts toward this urgent objective."

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In March 1984, American officials said that Iraq had been using mustard gas and that Iran had been using nerve gas and was building up a capacity for full-scale chemical warfare attacks.

As a result, the United States announced that it was imposing restrictions on the sale to Iraq of five chemical compounds that could be used in making mustard gas or nerve gas.

The European Community and Japan later said that they, too, were putting controls on the export of these chemicals, but administration officials said Monday that there was evidence that there had been violations by some Western companies.

Spokesmen said that Mr. Kahl in the meeting with Mr. Gromyko reiterated "the absolute firm Son of the United States to

the use of chemical weapons, in violation of international conventions, whenever and whenever such use may occur."

When Mr. Aziz was asked by reporters later whether Mr. Shultz had mentioned chemical weapons, the Iraqi said, "I don't recall that."

Iraq has denied that it has used chemical weapons ever since the question was first raised last year.

There was no immediate explanation why the United States did not publicly disclose its information about Iraq's use of chemical weapons. One official said he believed there was a desire not to embarrass Mr. Aziz. Another official said the government wants to avoid compromising intelligence sources.

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INTERNATIONAL Herald Tribune

Algeria	4,000 Drs	Iraq	15,750 Dinar	Norway	7,200 Nkr
Austria	20 S	Italy	1,000 Lira	Chile	0.70 Riel
Bahrain	0.00 D	Jordan	450 Dhs	Portugal	0.50 Esc
Bangladesh	45 L	Kuwait	500 Dhs	Qatar	0.50 Rial
Canada	C\$120	Lebanon	500 P	Spain	100 Esc
Ceylon	C\$120	Malta	500 L	Sweden	2.50 S.Kr
Cyprus	C\$120	Morocco	1,000 Dhs	Turkey	1,400 Dhs
Denmark	8,000 Kr	Myanmar	1,000 Dhs	U.S.A.	1,000 Dhs
Egypt	100 L	U.S.S.R.	1,000 Dhs	U.S.S.R.	1,000 Dhs
Finland	100 F	U.S.S.R.	1,000 Dhs	U.S.S.R.	1,000 Dhs
France	4,000 F	U.S.S.R.	1,000 Dhs	U.S.S.R.	1,000 Dhs
Germany	2,500 DM	U.S.S.R.	1,000 Dhs	U.S.S.R.	1,000 Dhs
Great Britain	50 P.	U.S.S.R.	1,000 Dhs	U.S.S.R.	1,000 Dhs
Greece	50 Dr	U.S.S.R.	1,000 Dhs	U.S.S.R.	1,000 Dhs
Holland	275 R.	U.S.S.R.	1,000 Dhs	U.S.S.R.	1,000 Dhs
Iran	115 Rials	U.S.S.R.	1,000 Dhs	U.S.S.R.	1,000 Dhs

ESTABLISHED 1887

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U.S. Asks Allies to Share Space-Defense Research

Soviet Blames U.S. in Death Of Officer

By Dusko Doder
Washington Post Service

MOSCOW — The Soviet government said Tuesday that a Soviet sentry was justified in shooting a U.S. Army officer in East Germany and asserted that the United States was responsible for the incident.

According to an official statement, the sentry warned the officer, Major Arthur D. Nicholson Jr., in Russian and German and then fired a warning shot in the air when he tried to escape from a restricted area in which he was photographing military equipment.

"Since the intruder did not stop even after this, the sentry had to use his weapon," the statement, distributed by Tass, said. "He fired and killed the intruder."

The United States has rejected accusations that Major Nicholson was acting improperly and Assistant Secretary of State Richard R. Burt equated the officer's slaying with murder.

The Soviet statement described the incident as regrettable but asserted that "the entire responsibility for it rests fully on the American side."

It was the first formal public statement on the death Sunday of Major Nicholson, 37, who was a attached to the U.S. military mission in Potsdam.

The statement charged that the United States was "circulating a deliberately false version" of the incident. The Soviet Embassy in Washington, it added, had lodged a protest.

The tone and substance of Tuesday's statement suggested that the incident had placed the Soviet leader, Mikhail S. Gorbachev, in an awkward situation and that Moscow was hoping Soviet-American relations would be unaffected.

Mr. Gorbachev attended the opening session Tuesday of the Supreme Soviet of the Russian Federation. Only he and Foreign Minister Andrei A. Gromyko were seated in the front row.

"God says to South Africa here and now, stop killing people, stop killing our children," Mr. Dabs shouted from the pulpit with tears running down his cheeks.

"This system of government under which we live has got to be challenged and wiped out," Mr. Dabs said. "In Uitenhage we say, 'God be with you, for we are ready to die.'

Hundreds of mourners, black and white, sang songs and raised clenched fists in black power salutes in the church. The march, which followed, was led by Mr. Boesak, Mr. Naudé and Mr. Hendricks, chairman of the Methodist synod in Cape Province.

The march was the one of the few instances of deliberate civil disobedience since Sharpeville massacre in 1960 when police killed 69 blacks. South African authorities have been considered too intolerant for attempts such as passive resistance.

The protest in Cape Town indicated increased anger and boldness on the part of blacks and a sense that the world attention now focused on South Africa is affording black protesters a measure of protection.

The marchers were heading to

(Continued on Page 2, Col. 6)

Short-Range Nuclear Arms May Be Cut

By Barry James
United Press International

LUXEMBOURG — The U.S. defense secretary, Caspar W. Weinberger, invited 18 allied nations Tuesday to participate in the multi-billion-dollar research for President Ronald Reagan's space-based anti-missile defense plan.

Ministers attending NATO's 14-nation Nuclear Planning Group meeting also heard a report from General Bernard W. Rogers, the alliance's supreme commander, on a secret plan to reduce the number of short-range nuclear weapons in Europe and modernize those that remain.

Under the Rogers plan the number of weapons would be reduced from 6,000 to slightly under 4,

Soviet Aide Cites 'Correctness' of Hungarian Policies

The Associated Press

BUDAPEST — Grigori V. Romanov, a member of the Soviet Politburo, acknowledged Tuesday the "correctness" of Hungarian policies and indicated that the Kremlin sought some economic reforms similar to those of Moscow's most liberal European ally.

Mr. Romanov, addressing Hungary's 13th Communist Party Congress, repeatedly emphasized the economic unity of the Soviet Union and its allies. But he spoke favorably of Hungarian developments that have made this country a forerunner of economic change in the Soviet bloc.

"Hungary has built a new world in close unity with the Soviet Union," he said. "All that has been accomplished proves the correctness of our chosen road."

The Soviet leader, Mikhail S. Gorbachev, reportedly favors cautious reforms of the Soviet economy. Mr. Romanov's comments here appeared to mesh with Mr. Gorbachev's image as an economic pragmatist.

Speaking of Soviet economic "tasks ahead," Mr. Romanov said that emphasis must be given to:

- Further modernization of the economic mechanism;
- The broadening of the autonomy and responsibility of companies;
- The increasingly broad participation of workers in the management of production and the more consistent application of the principles of remuneration according to performance.

In Hungary, state-run industries have a great degree of autonomy and increasingly operate on profitability. There are also growing attempts to tie wages to performance.



Andrei A. Gromyko, left, with Mikhail S. Gorbachev.

Several Hungarian analysts pointed to the similarity of Mr. Romanov's remarks and actual policies here. One of them said that Mr. Romanov's comments amounted to a "ringing endorsement" of Hungarian economic reforms.

Informed Hungarian sources also attached importance to Mr. Romanov's comments on relations among Soviet bloc Communist parties.

"There is no room for the imposition of one's will on the other, for superiority and inferiority," he said.

Warning on Ties to West

Mr. Romanov warned Moscow's allies that their links with the West must be limited, Reuters reported from Budapest.

In his speech, he said that trade with the West must not allow what he called imperialist forces to gain political leverage over Communist states whose interests were best served by cooperating with each other.

The national interests of Socialist countries can be implemented in no other way than by strengthening the whole community," he said.

Elite Units Allowed on Both Sides

(Continued from Page 1)

by the four powers despite the creation since the war of two sovereign German states. The governments in Bonn and East Berlin have no official ties with the four-power missions, which are accredited only to each other.

The U.S.-Soviet accord, signed in 1947, and others signed by the Soviet Union with Britain and France, gives each side an outpost and travel rights in the other side's occupation zones in Germany and the right to accredit 14 officers and enlisted men to their missions. The three Western missions are in Potsdam, in East Germany, a few miles southwest of Berlin. The Russians have missions in Frankfurt, Baden-Baden and in the north.

The U.S. mission maintains a white stucco villa in Potsdam, although daily patrols usually originate from West Berlin. East German border guards allow the American liaison officers free access between East and West Berlin across the Glienicke Bridge. The antiquated span, where Francis Gary Powers, the famed pilot of a downed U-2 reconnaissance plane, was traded in 1962 for the Soviet spy Rudolf Abel, is kept free of all other traffic.

British, French and American liaison officers generally conduct daily patrols, driving all over East Germany in marked military jeeps seeking to glean insights into the nature and location of troops, missiles and armor. In West German territory, their Soviet counterparts are permitted to do the same. Only designated military zones are considered off-limits to the roving officers.

Those remaining, including the director for Lebanon, John Deffares, a Briton, were also being encouraged to leave in light of Monday's kidnapping near Beirut of Alec Collett, a British journalist working for the agency. A French official, Gilles Sydney Peyrolles, was seized Monday in Tripoli.

UNRWA provides relief, education and health services for two million Palestinian refugees in the Middle East. It employs a staff of 2,100 in Lebanon, of which 99 percent are local.

Mr. Collett, 63, an UNRWA information consultant, was taken from his car while going from Sidon to Beirut.

The staff of the Save The Children Fund, working with UNRWA in Lebanon, also left recently for safety reasons.

■ Military Buffer Zone

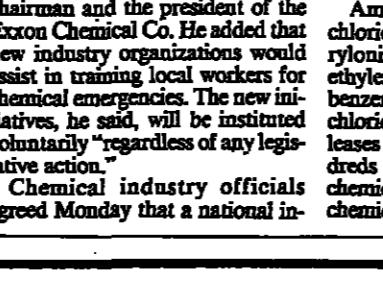
The military command has approved a plan to separate militiamen who have battled across the boundary separating Christian and Moslem sectors of Beirut in the worst fighting in eight months, Beirut radio said Tuesday according to The Associated Press.

Beirut radio said the new security plan involves the creation of a militia-free buffer zone along the Green Line that separates Beirut into a Christian eastern sector and a mostly Moslem western sector.

A meeting by the main Christian militia of President Amin Gemayel's Phalange Party has prompted the fighting in Sidon and Beirut. The Lebanese Forces militia opposes what it calls Mr. Gemayel's Syrian-oriented policies.

Army units that include both Moslems and Christians will be deployed in the separation zone to supervise the dismantling of the bunkers and barricades that recently reappeared near the Green Line, the radio said.

The Global Newspaper.



Dining Out

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Soviet Bugged Typewriters at U.S. Embassy In Moscow

By David Hoffman
Washington Post Service

WASHINGTON — The U.S. Embassy in Moscow was bugged by the Soviet Union for a year and possibly longer with sensing devices capable of picking up what was written on embassy typewriters, administration officials have confirmed.

CBS News said the eavesdropping was a "sophisticated electronic spy operation which gave Soviet leaders an inside look at what U.S. diplomats were doing and planning."

The television network said Soviet agents installed tiny sensing devices in about a dozen embassy typewriters. The devices picked up the contents of documents typed by embassy secretaries and transmitted them to antennas hidden in the embassy walls, he reported.

An administration official confirmed Monday that the embassy had been "penetrated" by "lifting things off typewriters. No doubt about it." The official said the eavesdropping was discovered some time ago and had been stopped.

CBS reported that the antennas in the embassy walls "relayed the signals to a listening post outside the embassy."

"The typewriters were in use from 1982 until the operation was uncovered in 1984," the network said.

It also reported that intelligence experts believe that Moscow had carried out similar eavesdropping earlier. It said an antenna was discovered during the cleanup of a 1978 fire at the embassy.

A spokesman for Mr. Weinberger said, in a reference to the Korean airliner disaster, that the shooting reflected the "KAL mentality ... shoot first and investigate later."

South Africa Arrests 239

(Continued from Page 1)

ward Parliament with a list of demands that included enfranchisement of blacks who are now barred from voting in the white-ruled public.

Arson and stoning of houses and cars continued in the black townships around Umtata where police fired tear gas at crowds.

■ U.S. Bank to Stop Loans

The Bank of Boston has announced that it will stop making loans to private firms and banks in South Africa out of opposition to apartheid, Reuters reported from Boston.

The bank's chairman, William L. Brown, said in a statement released Monday that the bank last year made \$75 million in loans to banks and private firms in South Africa and that these loans will expire next year. The bank, the 16th largest U.S. bank, stopped making loans to the South African government or any of its agencies in 1978.

The first two weeks of the talks were mainly to organize the negotiations. The negotiators decided to discuss substantive issues Tuesday, with a meeting of the subgroups on space arms.

U.S. Invites 18 Allies To Join Defense Project

(Continued from Page 1)

on the United States, the official said.

Although some governments have expressed misgivings about the possible deployment of a defense shield in space, Mr. Weinberger said all the ministers who spoke were broadly in support of the U.S. negotiating position in Geneva.

The categories chosen for the survey included chemicals that are considered cancer agents, suspectied cancer agents or substances considered hazardous by inhalation, ingestion or skin contact.

Among them are methylene chloride, chloroform, chlorine, acrylonitrile, carbon tetrachloride, ethylene oxide, trichloroethylene, benzene, vinyl chloride, hydrogen chloride and xylenes. Substantial leases — sometimes in the hundreds of tons a year — of those chemicals were disclosed by the chemical companies.

He added that ministers were concerned about how the United States would handle any eventual transition from offensive to defensive weapons, and insisted that NATO's European defenses must not be jeopardized by the anti-missile project.

The Soviet Union has criticized the Strategic Defense Initiative, saying it increases the risk of nuclear war.

■ Project May Be Expanded

Michael Weiskopf of The Washington Post reported from Luxembourg.

The Reagan administration is

DEATH NOTICE

Count John Nicolaus PALFFY ab Erdloed died on March 22nd 1985 after a long illness in Lausanne.

Funeral Thursday, 28th March, at l'Eglise de Compestres in Geneva at 2 p.m.

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WORLD BRIEFS

Vietnam to Free U.S. Businessman

UNITED NATIONS (UPI) — Vietnam will release an American businessman, William M. Mathers, who was seized on his yacht as last July, a United Nations spokesman, Francois Guinot, said Tuesday.

The acting Vietnamese ambassador, Le Kim Chung, informed military General Javier Perez de Cuellar Monday that Hanoi would release Mr. Mathers between March 29 and April 9, Mr. Guinot said. Mr. Mathers, who was living in Singapore, was sailing aboard in Vietnamese waters when the vessel was seized and Vietnamese authorities charged he had no permission to enter their territorial limits. He was released but had no permission to leave. Mr. Mathers, 41, was held at Can Tho in Vietnam. Mr. Guinot said.

Taiwan Intelligence Chief Is Indicted

TAIPEI (AFP) — The head of Taiwan's military intelligence was indicted Tuesday as an accomplice in the murder in California Oct. 15 of Henry Liu, a Chinese-American author and a critic of Nationalist Chinese regime.

Vice-Admiral Wong Hsi-ling, 58, was charged with being "principal offender, a full accomplice" in the murder of Mr. Liu, who shot outside his home in Daly City, near San Francisco. Admiral's deputy to the intelligence chief, Major-General Hu Yung-ting, a department head, Colonel Chen Hsu-men, were also named in the indictment.

The indictment, drawn up by military prosecutors, charged although Admiral Wong denied ordering Mr. Liu's death, he is "unspecific intent in connection with the collaboration offense" in this case.

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The caboose, which has upped the rear of American cars for more than a century, is due for the last roundhouse. *Washington Post* reports it is rapidly being replaced by a shoebox-size electronic device that is designed to do work traditionally entrusted to a crew member perched in the nose's cupola.

Railroad historians say the car invented about 1850 when as were getting so long that we could not see every car in the engine. The name is even to come from the Dutch word meaning "cabin house."

The caboose also served as a dormitory for the crew on distance routes but changing work rules have meant crews longer spend the night on the road.

Labor unions are opposing abolition of the caboose, so far to effect. Dick Timmer, a San Pacific railroad executive, said, "We're replacing a wood caboose that weighs 25 tons and costs \$70,000 with an automatic 35-pound (16-kilogram) black box that costs about \$100." The device indicates either a train and its air brakes working properly.

At What Will Anastase Tillely Say?

The New Yorker magazine is to chide other publications for their mistakes, and prides itself on checking and rechecking every word it prints. But in the Oct. 18 issue, Brendan Gill, drama critic, wrote a review of a new play, "The Octet,"



Brendan Gill

Bridge Club," and had so much fun panning it that he neglected to mention the name of the play.

Mr. Gill, off on a week's vacation, was not available for comment. Martin Baron, head of the fact-checking department, said that "the author chose not to mention the title of the play." Fiddlersticks. Enstage Tillely, the hangdog, monocled dandy who appears on the cover of the New Yorker once a year as its fictional personification, undoubtedly was not amused.

Short Takes

The bridge in Washington that was hit by an Air Florida jet three years ago has been named the Arland D. Williams Memorial Bridge in honor of the man who sacrificed his life saving fellow passengers. The Jan. 13, 1982, crash killed 78 people. Mr.

Williams, 46, a bank examiner from Atlanta, stayed in the icy waters of the Potomac River passing a helicopter lifeline to other survivors before he drowned.

Cocker spaniels, which until recently had been losing popularity, have topped the registration list at the American Kennel Club for the second year in a row.

The National Park Service reports that if mild weather continues, Washington's cherry blossoms should appear at Easter, April 7, and right on time for the annual Cherry Blossom Festival that follows.

These Intruders 'Go Right to the Top'

A psychiatrist who has studied hundreds of people who have tried to gain unauthorized entry to the White House say they have such imaginary problems as feelings that the government is persecuting them, a desire to share supposedly secret information with the president or the prospect of a reward for an imaginary heroic deed.

Threats against the president came from only 22 percent of the 328 people who tried to get into the White House from January 1971 to July 1974, according to a study by David Shore of the National Institute of Mental Health.

"These are not political people but ones who have shown some signs of psychotic behavior," Dr. Shore said. "In America it's a tradition to go right to the top and that's what they did."

— Compiled by ARTHUR HIGBEE

S. Indicts General Electric in Fraud

Written by Our Staff From Dispatches

WASHINGTON — General Electric Co., the fourth-largest defense contractor in the United States, was indicted Tuesday on charges that it defrauded the government of \$800,000 in contracts for a nuclear warhead system, the Department announced.

Edward S. Dennis, a U.S. government attorney, said the indicted charged the company with counts of "making and presenting false claims to the United States." The indictment was read by a federal grand jury in Philadelphia.

Mr. Dennis said, were Joseph Calata, a General Electric employee, Roy Baessler, a former employee. Each was charged with two counts of "making false declara-

tions" before a federal grand jury, he said.

If convicted on charges resulting from an indictment, the company could face proceedings aimed at invalidating all or part of its Pentagon contracts. GE and its subsidiaries received more than \$4.5 billion in military contracts in fiscal 1983, according to the most recent statistics available from the Pentagon.

Defense Department officials said political and national-security considerations would almost certainly enter into any discussion of suspending GE from military contracts.

The company's 1983 contracts included supplies such as washing machines and light bulbs as well as nuclear missile warheads and engines for fighter planes.

Mr. Baessler said the practices in question involved work on the warhead of the Minuteman intercontinental ballistic missile. The work was performed four years ago at the company's Re-Entry Systems Operation division in Philadelphia. The division has since been merged into GE's Space Systems division.

John Terino, GE's product-information manager for the aerospace division, said that the charges would involve "errors" on about 100 employee time cards submitted between March and November of 1980. He said about 100,000 time cards had been submitted during that period.

"This was certainly not deliberate," he said. "It was a simple error." He added that the company has told the government that it is willing to reimburse it for any charges found to be improper.

(AP, NYT)

A Cut by General Dynamics

Written by Wayne Biddle of The New York Times reported from Washington:

Faced with growing criticism from Congress and the Pentagon, the General Dynamics Corp. announced on Monday that it would withdraw \$23 million of overhead charges made against government contracts from 1979 to 1982.

The sum is about one-third of such claims filed by the company that Pentagon auditors are questioning. During those four years General Dynamics, the Pentagon's largest contractor, billed the government for about \$170 million in overhead expenses, and the Defense Contract Audit Agency has challenged \$63.6 million of it.

"Although we believe the vast majority of the questioned items are probably allowable under the applicable regulations, we have now looked at those questioned items in light of today's environment," said David S. Lewis, chairman of General Dynamics, in his second appearance this year before the House Energy and Commerce Committee's oversight unit.

Voluntarily resuming the \$23 million in overhead charges was the first action the company has taken since allegations of impropriety arose last year.

Many officers, particularly those without challenging assignments, complain that despite a variety of objective criteria that are supposed to be used to rank officers and to

rank them.

Mr. Spies makes the same point when he says: "We have too many senior officers who cannot be placed in jobs appropriate to their rank" and "currently, 40 senior officers are over complement," or doing "make-work" jobs.

In part, this is because of politics. Since 1981, he says, 23 ambassadorial or other senior assignments have moved from career to political appointees. Even the most respected category is not immune.

Of 40 career ministers, the absolute cream of the foreign service, seven are without meaningful jobs this year.

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

U.S. Help for Cambodia?

A great terror overtook Cambodia when the United States departed in 1975. The Khmer Rouge killed a million or two of their fellow citizens, and subsequently the Vietnamese invaded. Resistance goes on. The United States has had no taste for any sort of military involvement in Indochina in the last 10 years, but the question now arises whether Washington should not go beyond political support and extend modest aid, through the Thais, to the non-Communist Cambodian resistance — to Son Sann's Khmer People's National Liberation Front, not to the Communist Khmer Rouge. That is the aim of a \$5-million aid proposal, launched in the Asian subcommittee of the House Foreign Affairs Committee by the subcommittee's chairman, Stephen Solarz, a Democrat of New York.

Aid to Cambodia? Aid that could take a military form? A new U.S. involvement in Indochina? The thought is enough to send a surge of alarm through the large community of Americans who have come to identify Indochina as the ultimate American disaster area in this country. That the contemplated aid is meant to be small and indirect, with no physical U.S. participation on the ground, is sure to be taken by many people as a sign either that it will inevitably grow and slip out of control. The proposal arises during the 10th-anniversary review of the American defeat, which will no doubt intensify the warnings against it.

Is it not time to take a more measured view? The so-called Vietnam syndrome, operative for a decade now, tends to make Americans shrink from uncertain involvements in which force may have to be brought to bear. We have never felt there was value in demonstrating that America was no longer hobbled by excessive regard for this "lesson" of the past. On the contrary, the leading Vietnam lesson — the requirement for the utmost care and serious-

— THE WASHINGTON POST.

Selling Government Debt

Senators Daniel Patrick Moynihan and Frank R. Lautenberg are proposing a novel way to reduce the U.S. federal deficit. They want the government to sell its enormous portfolio of loans to private investors, realizing by Congressional Budget Office estimate, \$134 billion over the next three years.

The plan would indeed reduce the budget deficit, but the direct benefits would be more apparent than real. For the sale of government property, in contrast to a reduction in spending on Social Security or defense, would have no effect on interest rates or private investment. Still, the senators may be on to something. By selling off government loans, the real cost of the subsidies hidden in loan programs would become clearer to the taxpayers.

In periods of economic boom, government deficits damage the economy by absorbing financial resources that would otherwise be invested productively by individuals and corporations. This year Washington will cover its obligations by borrowing an extra \$200 billion with bonds to the public. As a result, some of the private borrowers lined up for credit behind Uncle Sam will fail to get it. Others will have to borrow abroad, creating an obligation to foreigners that must eventually be repaid with lower living standards for Americans.

Now consider the effect of selling, say, \$1 billion owed by the Boeing Corp. to the government's Export-Import Bank. The proceeds from the sale would show on the government's books as revenue, reducing the federal deficit by \$1 billion. That in turn would reduce the government's need to borrow by the same

— THE NEW YORK TIMES.

Other Opinion

Gorbachev: A True Reformer?

Nobody knows whether the new man in the Kremlin will have enough power to give practical effect to the reforms he is said to favor, or indeed whether his reputation in that respect is really deserved. But he talks in a way that accords with modern realities, by contrast to the clichés churned out by his predecessors, and he seems more inclined to face economic realities than the old guard he replaces.

— Neue Zürcher Zeitung (Zurich).

Soviet Bullets, American Blood

Soviet use of deadly force in the killing of a U.S. military liaison officer in East Germany is an outrage even if Moscow's version of the tragedy is taken at face value. We are left to speculate once again, as with the downed South Korean airliner, whether Soviet brutality is the result of overly rigid standing orders or provocations either by the Kremlin or by

— The Baltimore Sun.

This was the first time in 40 years of Cold War that a soldier from one superpower has fallen under the bullets of a soldier from the other superpower in a direct confrontation. So, in the first instance, this is the exception that confirms the rule of coexistence.

— Le Monde (Paris).

FROM OUR MARCH 27 PAGES, 75 AND 50 YEARS AGO

1910: Keeping Peace in the Balkans
S. PETERSBURG — The reception in Russia given to the King of Serbia is a proof of the closeness of the traditional relations of the two States. In the course of the interviews between the Russian and Serbian Ministers of Foreign Affairs, various questions interesting to the two Governments were examined, and it was settled that both sides attached essential importance to the maintenance of peace in the Balkans. In the opinion of the Serbian Government, the kingdom will find a precious support for its free and peaceful development in its good relations with Turkey. The Serbian Government will at the same time use every effort to maintain similar relations with its neighbor, Bulgaria. The Russian Government sympathizes sincerely with Serbia, and will give her its active moral support in this regard.

1935: Roosevelt's Unpopular Reforms
WASHINGTON — The observation is general that the second anniversary of F.D. Roosevelt's occupancy of the White House finds him in difficulty. "Reform" is too mild a word to describe the changes in American ways of life. It is clear that some of these innovations have gone badly, and that the sum of them when pressed down on the familiar American pattern of society, causes the whole to be something which is not a workable form of society and government, in America or anywhere else. It would not be accurate to say that the National Recovery Administration is universally regarded as a mistake or a failure. But it is so regarded by so large a number of Democrats, and by so many of the President's most sincere well-wishers, as to create a reason for the President to review his own attitude about it.

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The Fight for the Soviet Economy

By Stephen F. Cohen

PRINCETON, New Jersey — A major struggle over Soviet domestic policy will be greatly intensified by the choice of Mikhail Gorbachev, a reform-minded leader, to succeed Konstantin Chernenko as general secretary. The outcome will be felt far beyond Moscow.

With the conspicuous exception of the Soviet Union, market-oriented reforms have been transforming the economic nature of communism from East Berlin to Beijing. Haltingly in Eastern Europe and rapidly in China, the Stalinist model of almost total state control is giving way to more diversified and decentralized economies in which small private enterprises play a growing role. If the Soviet Union remains apart from this, eventually it will again be surrounded by social systems unlike its own.

That prospect is ironic, because the first communist experiment in mixed economics occurred in the Soviet Union 60 years ago. In 1925, Soviet leaders legislated policies almost identical to those now under way in China, encouraging peasant farmers to "enrich" themselves, allowing artisans and merchants to flourish, and state enterprises to market competition. Known as the New Economic Policy, or NEP, the experiment was quickly abolished by Stalin in 1929 in favor of the monolithic state system that became its institutional legacy.

It is not as if reformers in the deeply conservative Soviet establishment have not been trying to escape Stalin's legacy. For more than 20 years they have advocated a new version of NEP, including a substantial role for private enterprise in providing consumer goods and services, and a partial decentralization of the state sector to free local managers from irrational central directives.

Despite having been politically defeated in the 1960s and all but silenced in the 1970s, reformers have staged a comeback. Among other indications they have regained access to official intellectual journals whose pages express behind-the-scenes political disputes more candidly than does the daily press. The result has been an outburst of controversy.

And now Chinese Communists have joined the cult of the market. In fact, they have supplied the most re-

cent bureaucrats and slothful workers. Marketization is also a Soviet code word for less political control of society. If the sphere of private enterprise grows, the realm of the state will diminish. Central authorities will have to deal with autonomous producers through persuasive market relations, which are a buffer against capricious bureaucratic power. The result will not be democracy but a certain liberalization that would spread, given the need for free communication, to censorship and other areas of political control.

Above all, conservatives reject market-oriented reforms, even minor ones such as authorizing private tools of family restaurants. Not are they willing to unfer the tiny household plots on collective farms, which on less than 5 percent of the land yield 25 percent to 30 percent of all agricultural output. With a horse, a peasant farmer could produce even more, but conservatives still defend Stalin's ban on private ownership of horses.

Understanding these frightening ramifications, Soviet conservatives have always maintained that marketization may be safe in small communist countries such as Hungary, but not in large ones. The dramatic reforms in China, an even more populous country, will not easily change their minds. Indeed, they have imposed a virtual ban on candid press accounts of the Chinese experiment.

Nonetheless, in the policy struggles that always follow a succession, reformers have their best chance in years to sell the market to Soviet leaders. They insist, as they did in the '60s, "better late than never."

The writer is a professor of politics at Princeton University and a frequent commentator on Soviet affairs.



Their China has gone capitalist. Got anything to say?

Capitalism: Dynamic, Destructive, Doing Just Fine

By Charles Krauthammer

WASHINGTON — Capitalism is on a roll. Free-market East Asia is booming. America, under an administration of Coolidgeian inclinations (Coolidge was the ultimate hands-off president. When his death was announced, Dorothy Parker asked, "How could they tell?"), is enjoying what the Europeans call the American miracle. American liberals are talking growth and incentives. French Socialists have given up redistributivist dreams.

And now Chinese Communists have joined the cult of the market. In fact, they have supplied the most re-

cent bureaucrats and slothful workers. The private insurance that was protecting the other 70. The S&Ls were shut, and depositors feared for several years that they would never see their savings again.

It seems like a case study in the perils of deregulation. Remove the cap on interest rates and all institutions, even the most staid S&Ls, will have to compete frantically to pay depositors higher rates. Some will go into more speculative investments. And some will go under. The Wall Street Journal scoffs at the suggestion that the problem is caused by deregulation. The cause is simple, says the Journal: a foolish bank, a bad deal and a couple of wheeler-dealers.

But surely the larger point is that capitalism welcomes, indeed invites, foolish bankers and wheeler-dealers. It is the first system in history to lift the mass of men out of misery. But to keep the engine running, it randomly visits misery on some groups. Instead of searching for a cause, that of any other face on the currency. The way to protect the system, the banking system in particular, from too much risk and too many rigues is regulation — i.e., artificial constraints on the market.

It does no good to blame foolish farmers or greedy bankers, if to do so

is to assume that without foolhardy capitalism would be speculation and debacles.

The most poignant example is coal. Arthur Scargill is a Malthusian provocateur, and Margaret Thatcher is an Iron Lady. Both have a high regard for other people's pain. Thatcher will have killed the mining, that is to say, the coal miners, that are now to die. They are a mix of energy substitution, foreign competition and environmentalism. It is a 19th-century fuel, as much family farm is a 19th-century prairie. Capitalism writes, and writes.

The little saver is shaken by inflation. The family farm is eroded by mechanization. And industrial workers fall to history and technology. Capitalism is working.

It is the first system in history to lift the mass of men out of economic misery. But to keep the engine running, it randomly visits misery on some groups. Instead of searching for a cause, that of any other face on the currency. The way to protect the system, the banking system in particular, from too much risk and too many rigues is regulation — i.e., artificial constraints on the market.

The writer, a senior editor of *New Republic*, contributed this column to *The Washington Post*.

America's Vanishing Act in the Mideast

By William B. Quandt

WASHINGTON — To listen to President Reagan in his most recent press conference, one would hardly believe that there had ever been a Middle East peace initiative with his name on it, to say nothing of the Camp David accords: "But our proposal in the very beginning was that we did not want to participate in the negotiations. It wouldn't be any of our business to do so."

In 1982 he drew another picture of the U.S. role in the Middle East peace effort: "Our involvement . . . is not a matter of preference, it is a moral imperative. The strategic importance of the region is well known . . . I recognize that the United States has a special responsibility. No other nation is in a position to deal with the key parties to the conflict on the basis of trust and reliability."

Later, in private talks with King Hussein of Jordan, the president went far in committing the United States to an active role in the search for peace. If Jordan joined the negotiations, he said, the United States would undertake to get the Israelis to cease settlement activity in the West Bank and Gaza. He also promised that the United States would try to shorten the transition period from the five years envisioned in the Camp David accords and support the idea of immediate talks on the final status of the occupied territories.

If Mr. Reagan has now forgotten all this, Hussein has not — and yet people ask why he and other Arabs are hesitant to join negotiations. If the president does not feel bound by his own words, what about the Camp David accords and the Egyptian-Israeli peace treaty? During those historic negotiations, President Jimmy Carter committed the United States to the role of "full partner" in the peace process — a point accepted by both Anwar Sadat and Menachem Begin in a letter they sent to Mr. Carter confirming their understanding "... that the United States government will participate fully in all stages of negotiations."

While the parties to the conflict will have to deal directly with each other at some point, it is little consolation for Mr. Reagan for direct negotiations with no participation. Successive negotiations between Israel and the PLO have always combined some of mediation and direct contact. Mediation may be a comforting notion for Reagan that at some point the Israeli and Arab, with a bit of help from him, will sit down and make peace. But without a good bit of mud-bagging and arguing, and with U.S. inducements, it seems unlikely they will do so.

For Mr. Reagan to hold back longer would not be only a misfortune from his own peace initiative, Camp David but also a boost to precisely the forces in the region most strongly opposed U.S. interests.

There are sound reasons for America to adopt a "go-slow" posture toward Middle East peace. Timing is of

the essence in diplomacy, and less activism can be worse than activity. A good case can be made that the Israelis need more time; they can be expected to enter talks on the West Bank and Prime Minister Shimon Peres has hands full with Lebanon an economy and can scarcely afford a showdown with his Likud coalition partners on the Palestinian question.

On the Arab side, too, the good arguments for caution. Still, the Arab world is deeply opposed to the efforts by Egypt and the Palestine Liberation Organization to get peace negotiations started. No one seems to know how best to deal with the Arabs. And Egypt, Jordan and the are still working on somewhat different wavelengths.

Still, there is the germ of a consensus among them, and it involves initial dialogue between a Jordanian-Palestinian delegation and the United States. President Reagan is included, provided the PLO is included, but there is no enthusiasm for the idea in Washington.

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The writer, a senior fellow at Brookings Institution, was a member of the National Security Council 1977 to 1979. He contributed this column to the Los Angeles Times.

LETTERS TO THE EDITOR

Taiwan: Not a Police State

Regarding the editorial "Taiwan Strains a Bond" (Feb. 21):

My colleagues and I are as shocked as you to know that high-ranking intelligence officers were involved in Henry Liu's murder in a San Francisco suburb last October. But political murders happen in almost every country. They should be condemned. But a single political murder cannot demonstrate that this country is a police state or a "republic only in name." On the contrary, it reveals that the government is no longer omnipotent. A growing plural and democratic country like the Republic of China needs to be encouraged.

LIU CHIH-KUNG
Institute of International Relations,
Taipei

Manila Dates and Data

William Pfaff, in his column "Asia and Seoul: Working for a Imperfect Future" (Feb. 21), asserted that war was imposed in 1973 date was Sept. 21, 1972. He says constitution was amended in 1972, but political murders happen in almost every country. They should be condemned. But a single political murder cannot demonstrate that this country is a police state or a "republic only in name." On the contrary, it reveals that the government is no longer omnipotent. A growing plural and democratic country like the Republic of China needs to be encouraged.

Mr. Pfaff refers to the partition of both South Korea and the Philippines as "powerless" and says "actions are thought necessary, even rigged." Such generalizations are insulting to the members of the Philippine parliament, one third of whom are opposition members.

MARIBEL C. DAR
Office of Media Affairs
Manila

Unintended Eloquence From Reagan

By Tom Wicker

WASHINGTON — Sometimes you have to wonder if the Great Communicator is aware of all that he communicates. Here is a one-liner from President Reagan's remarks at the Gridiron Club's dinner in Washington last Saturday: "I think we should keep the grain and export the farmers."

I did not attend the dinner, and do not feel bound by its tradition that "reporters are never present." I heard of this "joke" from someone who was there, and it was reported in the Washington Post.

With so many farmers losing their land — often through no fault of their own — and suffering from outmoded government policies, a declining farm economy and crippling trade restrictions, Mr. Reagan's graceless quip at their expense suggests that he just does not care.

Farmers already know he used misleading statistics,

INSIGHTS

Madeline M. Kunin, the governor of Vermont, outside the capitol building in Montpelier. The Washington Post

Inlikely Governor Takes the Helm in Stern Yankee State of Vermont

By Kevin Klose
Washington Post Service

ONTPELIER, Vermont — Not since Ethan Allen captured a British fortress without firing a shot 210 years ago has a governor so bested the establishment as Madeline M. Kunin, new governor of the most rock-ribbed and rural U.S. state, more than that she is one of only two governors in the United States. Her

leads like a fictional storyline: an immigrant Jewish woman who is a Democrat gov-

ernor, Yankee Vermont.

Since Mrs. Kunin's widowed mother

and her son and daughter to America in

from Nazi-dominated Europe, the govern-

or called recently, "I felt this sense of op-

portunity that you could do anything."

Her mother felt very strongly about that for

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NYSE Most Actives						
Vol.	High	Low	Last	Chg.	Per.	Close
Scoring	2,002	400	390	390	+14	
ComEd	1,000	1,000	994	994	+14	
IBM	1,000	1,000	994	994	+14	
AT&T	1,000	1,000	994	994	+14	
ITT Co.	1,000	1,000	994	994	+14	
Boeing	1,000	1,000	994	994	+14	
McGraw	1,000	1,000	994	994	+14	
Notel	1,000	1,000	994	994	+14	
EastAir	1,000	1,000	994	994	+14	
USFCO	1,000	1,000	994	994	+14	
Ford Motor	1,000	1,000	994	994	+14	

Dow Jones Averages						
Open	High	Low	Last	Chg.	Per.	Close
Indus	1,267.54	1,267.54	1,262.10	1,262.10	-2.22	
Trans	977.97	977.97	972.24	972.24	+2.24	
Utilities	201.54	201.54	201.19	201.19	+0.07	

NYSE Index						
High	Low	Last	Chg.	Per.	Close	
Composite	104.47	104.02	103.52	+0.23		
Industries	118.93	118.50	118.27	+0.21		
Transport	24.29	24.07	23.94	+0.24		
Utilities	104.34	104.37	104.06	+0.15		
Finance						

Tuesday's NYSE Closing

Vol. of 4 P.M.
Prev. 4 P.M. vol.
Prev. consolidated close
March 25 18,234,000 7,404,000
March 21 18,234,000 7,404,000
March 21 18,234,000 7,404,000
March 19 18,234,000 7,404,000
Included in the sales figures

Topics include the nationwide prices
to the closing on Wall Street elsewhere.
And do not reflect late trades elsewhere.
Via The Associated Press

Class	Prev.
Advanced	222
Declined	214
Unchanged	212
New Highs	203
New Lows	203
Volume up	203
Volume down	203

Class	Prev.
Composite	228.15
Industries	228.15
Finance	228.15
Insurance	228.15
Utilities	228.15
Transport	228.15

Vol.	High	Low	Last	Chg.	Per.	Close
Wawa	516	516	516	+14		
Domino's	516	516	516	+14		
Porter	516	516	516	+14		
Imco	516	516	516	+14		
Wingfoot	516	516	516	+14		
Autonics	516	516	516	+14		
Vicma	516	516	516	+14		
AMCI	516	516	516	+14		

Dow Jones Bond Averages						
Close	Chg.	Prev.	12 Month	High	Low	Stock
Bonds	72.70	+0.09	72.65	73.53	+0.20	
Utilities	72.70	+0.09	72.65	73.53	+0.20	
Industrials	72.70	+0.09	72.65	73.53	+0.20	

NYSE Diaries						
Class	Prev.					
Advanced	514					
Declined	520					
Unchanged	524					
Total Issues	1,998					
New Highs	49					
New Lows	12					
Volume up	47,324,240					
Volume down	57,112,200					

Odd-Lot Trading in N.Y.						
Buy	Sales	Chg.	12 Month	High	Low	Stock
March 25	184,407	-24,244	2,011	2,011	1,974	
March 21	190,482	-45,286	2,012	2,012	1,974	
March 19	222,082	-51,257	2,013	2,013	1,974	

12 Month
High Low Stock Div. Yld. PE 12 Month High Low Chg. Chg. Close

Dow Slips as Stocks Are Mixed

The Associated Press

NEW YORK — The stock market was mixed Tuesday, holding its ground despite a string of earnings disappointments at several major companies.

Analysts said declining interest rates in the credit markets helped support stocks.

The Dow Jones average of 30 industrials, down 7.51 on Monday, slipped another 22 to 1,259.72. But most other, broader market indicators finished with gains.

Volume on the New York Stock Exchange stepped up a bit to 89.93 million shares from Monday's 12-week low of 74.04 million.

The daily tally on the Big Board showed about eight issues rising in price for every seven that declined.

The exchange's composite index picked up 23 to 103.28.

Concern over the profit outlook began to spread on Wall Street after International Business Machines Corp. said late last week that its first-quarter earnings would come in below comparable year-ago levels.

Late Monday General Electric said its first-quarter profits would fall short of expectations.

Then Tuesday morning, Minnesota Mining & Manufacturing lowered its quarterly earnings projection as well.

All three companies have wide followings on Wall Street, and are components of the Dow Jones industrial average.

Analysts said their estimates intensified investors' concern over evidence of slower-than-expected growth in the economy.

One problem for many companies, including

large multinationals, has been the lofty level of the dollar in foreign exchange.

It has dampened demand for U.S.-made goods abroad and subjected domestic sales to increased competition from imports.

However, analysts also said a slowing economy may have some beneficial effects over the long term, by taking some pressure off interest rates and the dollar.

Rates on short-term Treasury bills dropped about 5 basis points, or hundreds of a percentage point.

Prices of long-term government bonds, which move in the opposite direction from interest rates, rose about 55 for every \$1,000 in face value.

On the Monday floor, IBM shares, which fell 3.4 points Monday, recovered 3/8 to 125.4.

But GE, which also was indicted on charges of making false claims of labor costs on government contract work, dropped 14 to 59.4, and 3M was down 24 to 24.81.

G.D. Sears fell 1/4 to 47 and led the active list on volume of more than 2 million shares.

Searle tumbled 8 points Monday as the company, which had been studying a possible sale of some or all of its businesses, said it decided to continue operating in its present independent form.

Nationwide turnover in NYSE-listed issues, including trades in those stocks on regional exchanges and in the over-the-counter market, totaled 107.04 million shares.

Standard & Poor's index of 400 industrials rose .53 to 199.13, and S&P's 500-stock composite index was up .46 to 178.43.

12 Month
High Low Stock Div. Yld. PE 12 Month High Low Chg. Chg. Close

11 Month
High Low Stock Div. Yld. PE 12 Month High Low Chg. Chg. Close

10 Month
High Low Stock Div. Yld. PE 12 Month High Low Chg. Chg. Close

9 Month
High Low Stock Div. Yld. PE 12 Month High Low Chg. Chg. Close

8 Month
High Low Stock Div. Yld. PE 12 Month High Low Chg. Chg. Close

Economic Developments in China

YEAR OF THE OX – China loosens the Reins and gets down to Business

THIS is the first month in the Chinese Year of the Ox, a good year in the Asian cosmology. Its symbol recalls the slow, steady progress that can be achieved by working easy in harness. All the economic indicators look good for business: China's forex reserves grew from US\$2 billion at the end of 1980 to US\$16.5 billion by mid-1984. It has substantial gold reserves reported to be 12 million ounces, and, a debt-service ratio shows that it has Western bankers pounding the pavements in Beijing looking for loan prospects. Though no one can seem to agree on final figures, due to differences in methods of calculation, all sources do agree that 1984 was a bumper year for China trade with the West. China has enjoyed bumper harvests for several years, there is no hunger. Finally, to the delight of Western exporters and investors, China needs more and better of just about everything it is to succeed at modernizing its economy in the lifetime of anyone now alive.

Everyone is flush with the success of reforms since 1979, when Deng Xiaoping took the reins of power in hand. Relative figures show staggering progress: "Living standards of peasants", according to Zhao Weichen, Vice Minister of the State Economic Commission in the January issue of *PRC Quarterly*, "have risen remarkably. In the previous five years (1979-1984) their average per-capita income rose 150%." He notes that agricultural output went up 4.8% annually, and 40 of 100 major products in the government's registry of light and heavy industries were two years ahead of their output goals under the Sixth Five-Year Plan (1981-1985).

Deng Xiaoping and his supporters have taken the position that a guided socialist economy works better, at least for China, than a rigidly controlled one on the Soviet model. The keynote of this new approach is contained in the term, "songbang" which roughly translates to "loosening the reins" – in this case meaning the devolution of decision-making powers from the center of government to responsible field commanders in local governments and business enterprises.

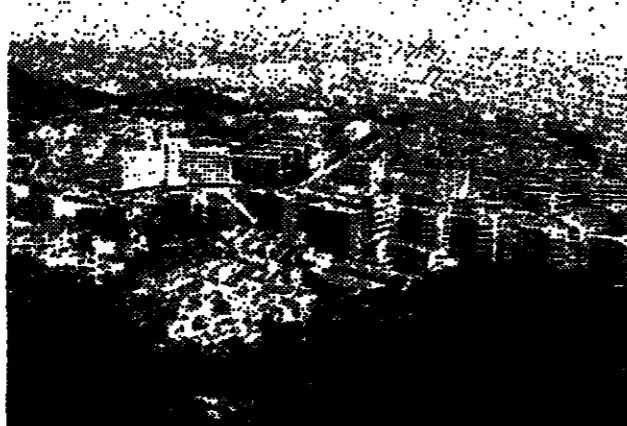
China's leadership has reached a natural terminus: 1985 is the last chance to achieve many incomplete goals of the Sixth Five Year Plan and the time to sow the ground for the Seventh, which begins in 1986.

The factory manager who

must implement systems based on merit and productivity has been yoked to a heroic task: He must make things work. The government wants wages adjusted for the difficulty and importance of the work. Factories can now adjust their

over the period of the seventh plan.

Who are these agents of change? Of the nearly two million managers now employed in the state's financial and commercial sector, fewer than four percent hold university degrees.



Aerial view of Zhuhai city near the Special Economic Zone.

Photo: Xinhua News Agency

own prices within set ranges, they can trade with other provinces and can set up their own joint ventures with foreign partners for export products. They can compete in the bidding among all other local authorities for central state money to underwrite major projects in the next five year plan. Song Ping, the State Planning Minister, told New China News Agency late last year that he had already received requests for funding of 3,000 such local projects

Government spokesmen have been reported as saying that half the leaders of state-run enterprises in China – which means virtually all enterprises – have less than a junior high school education.

In the north, the National Center for Science and Technology at Dalian was recently characterized as the "Harvard Business School of China" by *Newsweek* magazine, courtesy of M.B.A. courses being run by the State University of New York in

Buffalo. The three-year program ends with a final year of study in the United States and has already produced a breed of "best and brightest" managers in high government postings.

In the south, Guangdong's equivalent of a provincial personnel bureau has signed an agreement with the International Institute of Education, a U.S. non-profit university counselling service with offices in Hong Kong and other Asian cities, to assist in English-language testing for job placements, counselling for applicants to American universities and the supply of educational equipment. Jay Henderson, Asian director of IIE, claims they have also been asked to provide high-level American financial and economic experts to assist Beijing's central government planners in better understanding of Western business practices.

The problem so far, according to Henderson, is that no one is yet willing to fund such an exercise.

Foreign businessmen at first rejoiced in the hope provincial authorities, with wider discretionary powers would bypass much of the top-heavy Beijing bureaucracy. It has often proven true. For instance, a Citibank introduction to China investment notes that in 1983 alone, 105 new joint equity ventures were established, adding greatly to the 83 that had been established over the previous five years. Foreign investments in these ventures are in excess of US\$200 million and 68 of them are located in the four Special Economic Zones. There were also 200 new co-production projects contracted, valued at US\$180 million.

Successes are offset by stories of businessmen accustomed to computer technology and the niceties of tort law reduced to giving elementary lectures in the concept of "cash flow" in a frantic effort to seal a contract. The hard fact is that direct foreign investment in China has not been large. It has been estimated at about US\$3.3 billion over the last five years with a large percentage of that from Hong Kong – and much of it in pledges of intent that may never materialize.

Neither Chinese government leaders nor foreign businessmen are happy about it, 370 contracts signed in the last year, we have averaged about one contract per day." He puts their total value at about US\$391 million. Given that 1984 was the company's first full year of operation, Everbright was certainly in overdrive, even if China's general "open door" contract progress seemed stuck in low gear.

By way of an annual report, Fang Zhengping sketched the following profile of Everbright's major involvements in 1984, broken down by six regional development projects, (Total Value US\$410 million), 11 investment or joint venture projects (total value US\$110 million), and 10 cooperative agreements with provincial or municipal authorities on power plant projects. Fang says they are working on some of these projects with Kumagai, who built the first Hong Kong Cross Harbour Tunnel and Mass Transit Railway and Kajima, which has a reputation for quality highrise building construction.

"In the past year we have already been in contact with over 1,000 companies worldwide," asserts Fang. Although Everbright suffered something of a black eye when it retreated from a large Hong Kong property deal last year, its fast lane development efforts are still impressive. Chairman Wang Guang Ying first came to Hong Kong in April 1983. By August, he'd formed Everbright.

"Everbright is not exactly a trading company. We call it a comprehensive company," Fang says. He describes their major business lines as that of buying agents to import technology and equipment (including second hand), regional investment and development projects in China, and real estate in Hong Kong – which so far includes the Admiralty II office towers extension in Central Hong Kong – which so far includes the Admiralty II office towers extension in Central Hong Kong.

"Everbright projects would normally take several years to develop," notes Fang. Ever-

which is why the 14 open coastal cities and Hainan Island were added to those areas designed to lure investors late last year. Already this year, creation of three special Delta Economic Zones has been announced – those of the Pearl, Yangtze and Minnan Rivers in Guangdong, Jiangsu and south Fujian provinces respectively. That makes 21 official zones, but does not count the special status of certain hinterland cities like Wuhan, Chongqing and Shenyang.

A recent article in the *Beijing Review* quoted an address by Vice-Premier Li Peng at a national port conference in Beijing to the effect that, "China had opened 99 foreign trade ports by the end of last year (1984)." And that, he said, was in addition to all the other zones, ports, cities and deltas already noted. The numerology of China's "open doors" is approaching the complexity of interpreting the future in the *I-Ching* hexagrams.

Many Western businessmen have found more doors mean more margin for misunderstanding and error. There is in effect no single Chinese organization that can, after a certain point, give a flexible trade agreement a clean bill of health. That's a problem new laws now being promulgated are designed to overcome by making it clearer to Chinese managers what they have the authority to actually decide in a joint venture negotiation. Meanwhile, traders must cope with the verities of an atomized decision-making process in a cen-

tralized economy.

China's great successes so far have been to build a huge cash hoard of foreign exchange with its export drive and to open the world's largest untapped consumer market to itself, by letting its own people keep some of their cash and by making things those people want to buy with their new found wealth – especially color televisions, refrigerators, electronic gadgets and stylish clothes.

According to a report on China's investment goals for the upcoming Seventh Five Year Plan (1986-1990) in *China Briefing*, published by the Area Office China of the Hongkong Bank, "Ending years of suspense – and, apparently, internal debate – the

State Economic Commission said that China will spend US\$14.2 billion of its hard currency reserves to purchase 4,820 pieces of advanced technology between 1985 and 1987."

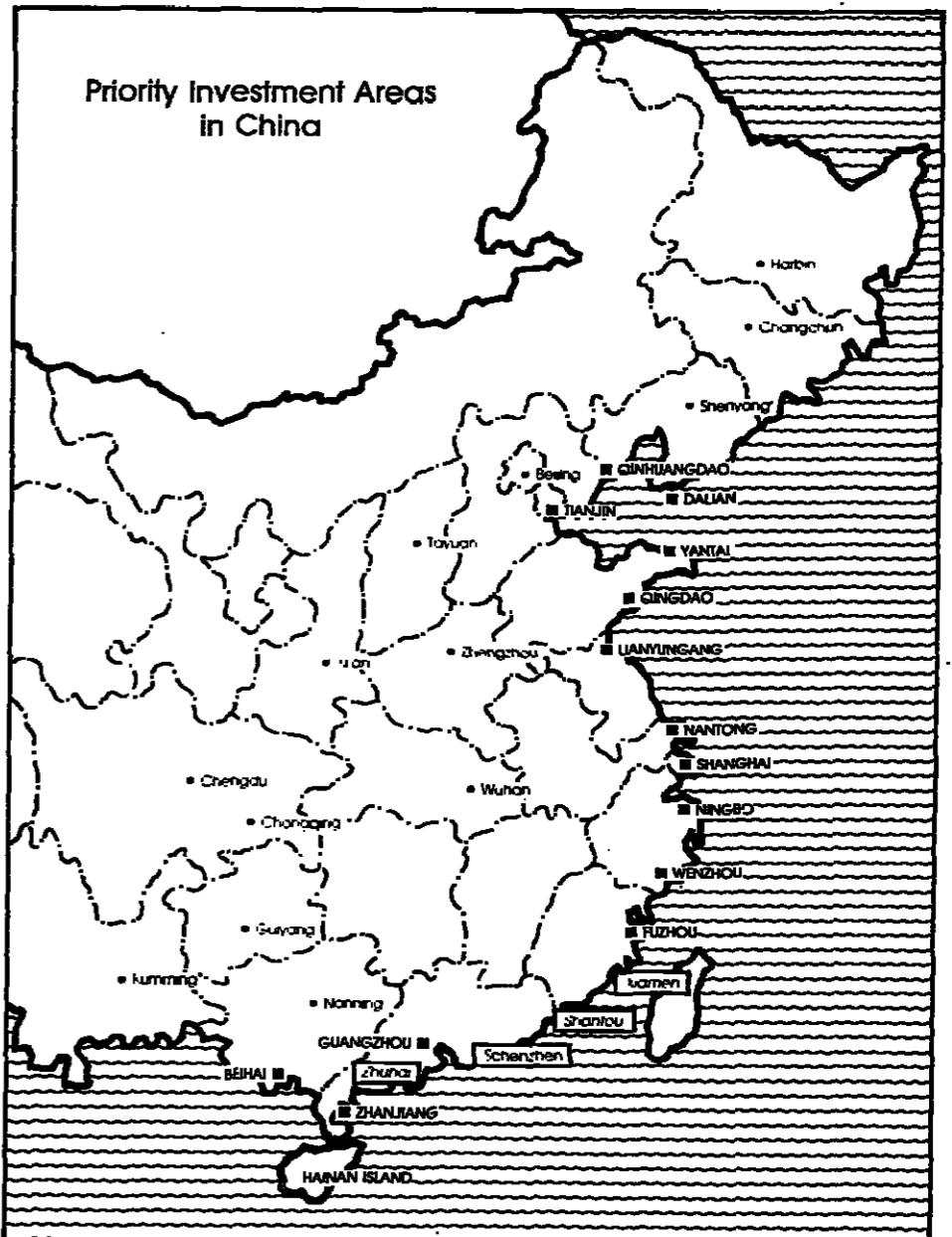
Having made the most of trade surpluses, tourism earnings and overseas remittances, China plans to put its money to work in an effort to upgrade the technology of existing enterprises. According to the Bank report, this was a contested decision: "The conservatives or forces hoarders within the government have argued that the reserves should be held for future energy development. But it appears that the spenders have won out and the

funds will go toward more immediate needs.

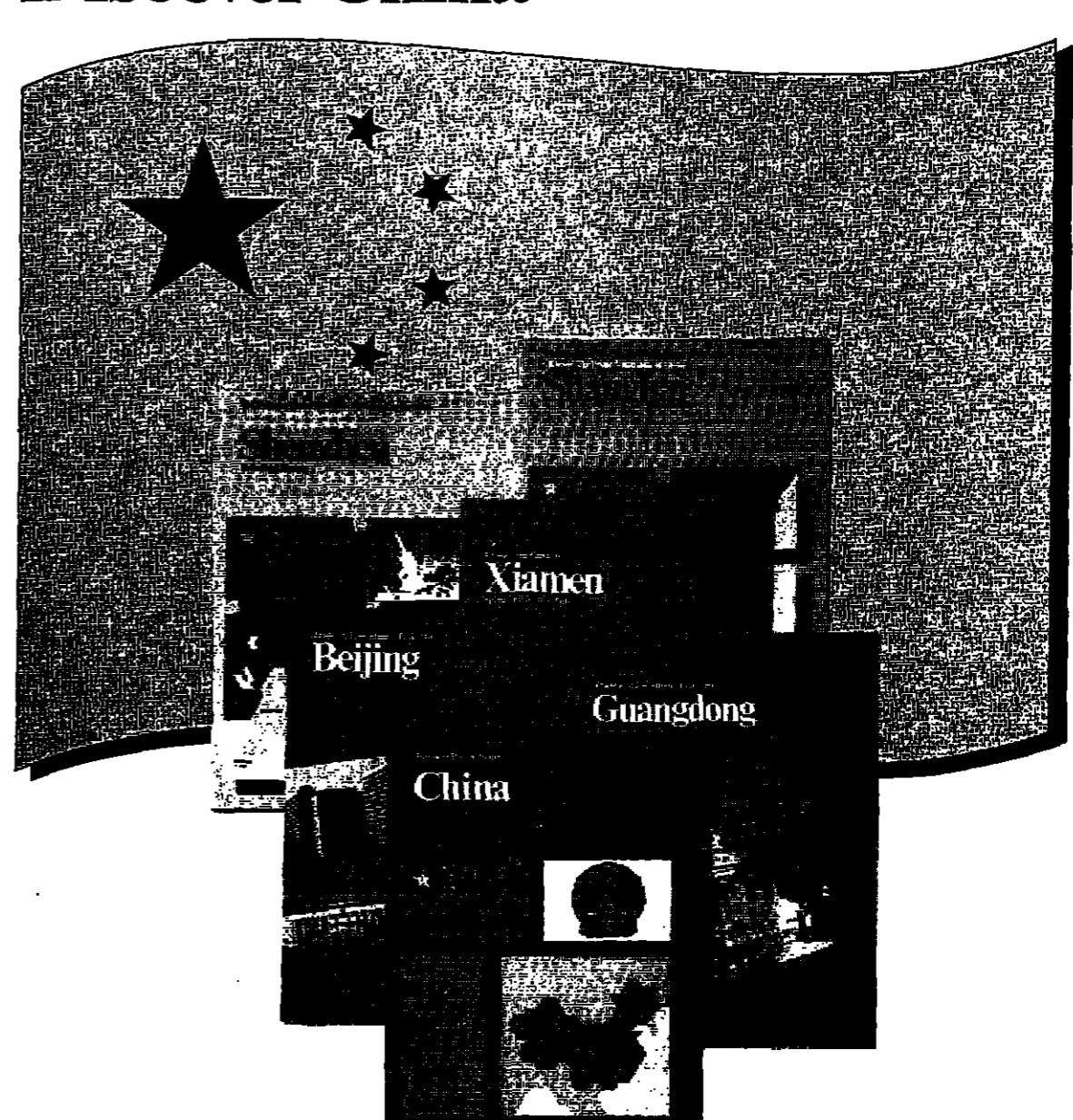
Including the forex reserves spending, China plans to invest the equivalent of RMB 90 billion yuan on upgrading its industries in the next three years.

Compared with the total spent on technical upgrading in the five years from 1979-1983, of RMB 106.5 billion, this new figure represents a huge increase and signals a strong new tack in China's economic planning."

As a report in the *China Daily* said: "Now the picture seems clear. In the next five years, China's investment priority is to modernize its industrial enterprises." And for Western exporters and investors, that means business.



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Rooms 414-415, 4th floor, Friendship Commercial
Bldg., Jian She Lu, Shenzhen. Tel: 39016.

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The Great Leap Crosswise – An Everbright Year in China

1984 was the first full year of operation for Everbright Industrial Company in Hong Kong, a company formed "to do something horizontal" that will nudge more investment openings into the rooms behind China's "open doors" says Fang Zhengping, its public relations manager. Everbright's Chairman, Wang Guang Ying, and about a third of the 175 corporate staff members here came down from Beijing where the company was conceived. Another 175 staff members run four

bright's job is to package small interest loans with foreign banks, package deals with provincial and municipal authorities who now have some discretionary budgets and project authority, and in general create a great leap crosswise between levels of authority, finance and project scope.

"Everbright is not exactly a trading company. We call it a comprehensive company," Fang says. He describes their major business lines as that of buying agents to import technology and equipment (including second hand), regional investment and development projects in China, and real estate in Hong Kong – which so far includes the Admiralty II office towers extension in Central Hong Kong.

Kong and a project in Yuen Long, on Kowloon peninsula.

They also maintain offices in mainland cities via a separate corporate entity, Beijing Everbright Industrial Company, with offices in Wuhan, Guangdong, Tianjin and the capital. Early this year, the Beijing affiliate signed a 4-way venture contract with Burroughs Corporation in Yunnan province which calls for assembly, distribution and maintenance of small business computers. Press reports seem stuck in low gear.

In the past year we have already been in contact with over 1,000 companies worldwide," asserts Fang. Although Everbright suffered something of a black eye when it retreated from a large Hong Kong property deal last year, its fast lane development efforts are still impressive. Chairman Wang Guang Ying first came to Hong Kong in April 1983. By August, he'd formed Everbright.

"We have had a ninefold increase in contracts signed over 1983," says Fang, "with

Continued overleaf

Guangdong Native Produce Exporters poised for growth in Pearl River Delta Region Plan

Guangdong's Governor, Liang Linggang announced early this year that a conference in the new Pearl River Delta Open Coast Economic Zone will be held this April or May — perhaps modelled on the recent 14 open coastal cities symposium held in Hong Kong last winter. Conference participants from the mainland will come to Hong Kong with a shopping list for an undisclosed number of projects. Plans for opening the hinterlands of Guangdong province along the Pearl River put the Guangdong Native Produce Branch of the China National Produce and Animal By-product Import and Export Corporation at the center of change in Chinese trading practices.

Founded in 1953, the heartland products that stand to be most dramatically affected by the new delta zone policies — which specifically indicate that enterprises at all levels — including private

zone will concentrate on the production of commercial crops and animal husbandry, and is intended to become a key area for food processing. This also complements the



Bamboo Products Hall, Guangzhou Exhibition Center, Autumn 1984.

Photo: Xinhua News Agency

traders and peasant households — may be granted independent export authority.

Guangdong's Governor has already indicated that the new

traditionally strong position of Guangdong's traders of native produce such as dried fruits, nuts and vegetables; medicated wines, patent

medicines and Chinese crude drugs; and various Chinese spices and essential oils.

Rules for foreign investment are likely to come out of the sessions this Spring, but at a major Beijing conference in January Governor Liang stated that the opening of the Pearl River Delta to foreign investment would come in stages, beginning with six cities and ten counties adjacent to them. The six cities are Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, and Zongshan. The ten counties are Panyu, Zengcheng, Nanhai, Shunde, Xinhui, Kaiping, Taishan, Dongguan, Baotou and Doumen. Eventually, he was reported to have said in a Xinhua news dispatch, the cities of Huizhou and Zhaoqing and 14 counties adjacent to them will be included.

Though there have been few reports on the topic of the new delta zones in the international media, Hong Kong's Chinese-language *Wen Wei Po* waxed ecstatic in an early January editorial that followed the Beijing conference. They described a future urban sprawl along both banks of the Pearl River delta that resembled Los Angeles as a kind of megalopolis, with Hong Kong as its 'window' to the world and surrounding hinterland market of some 200 million people.

Though, as of early March, there was no official word from Beijing on the creation of the three new delta zones, State Councillor Gu Mu, China's open policy spokesman, was reported by Xinhua news agency to have said that the whole coast of China will

be opened to foreign investment. Though he could provide no details on investment provisions for foreign firms interested in the Pearl River Delta zone, Guangdong's Deputy Director of the Provincial Foreign Economic Relations and Trade Commission, Feng Xuebin, told reporters for Hong Kong's Chinese-language newspaper, *Wen Wei Po*, that the new zone will grant export privileges to a broad range of local enterprises including private traders and peasant households engaged in producing foodstuffs for export. He was in Hong Kong during a visit of the provincial trade commission.

Reclaimed land on the Zhuhai site is intended for growing sugar cane. Everbright means to build a cane refinery and packaging plant for making sugar cubes and table bags. Fang says they may also build a paper mill to use the bagasse of the refinery if coal is available as a power fuel source. Fruit orchards and agricultural farms are also planned.

Everbright also undertakes to develop the Beijing Industrial Estate in Zhuhai (SEZ). Fang claims to have already identified about 20 American investor companies for the 4 sq/km estate, which is intended for high technology/low pollution applications.

Wang Guang Ying is also the "honorary chairman" of the Nantou oil support service corporation in Shenzhen

(SEZ), which intends to build a 38 sq/km industrial estate but has yet to develop the plans.

Fang notes that joint venture project structures are either 3-way programs that include a mainland authority, foreign investor and Everbright or 2-way programs done directly with mainland authorities.

Among the projects are: The Wuhan Brewery set up together with AMS Company, West Germany. Under the brand name *Spartan*, 50,000 tonnes a year will be produced, part of it for export. An insulated glass factory in Shenzhen (SEZ) has been arranged in a 3-way agreement with Chinese partners. The Shouguang taxi company in Beijing will be supplied with vehicles in a 2-way agreement with Shoudu (Capital) Taxi Co.

Fang notes that there have been no foreign contracts signed yet in the 10 cooperative power plant

agreements. Other companies have sent technicians for site studies. Toshiba, Hitachi and IED from Japan; GEC and NE from the United Kingdom. Fang says the Japanese groups have an advantage due to their association with the Mitsubishi, Marubeni and Sumitomo trading companies who market Chinese products to Japan to raise foreign exchange, and have assurances of government-backed low-interest loans.

Everbright announced its plans for power supply agreements shortly after serious winter electricity shortages were predicted last October by the weekly *Peking Review*. Citing the Ministry of Water Resources and Electric Power, "The country is currently short of 10 million kw of the required electricity generating capacity and 4 billion kilowatt hours of electricity," the report said.

China is reported to have 170 generating plants with capacities of over 100,000 kw and another 4,300 facilities that can turn out at least 50 kw. The report noted that 46 projects given priority b Chinese leaders in 1984, 2 involved production of electricity. Earlier reports in the *China Daily* underscore the problem. They claim that 40 per cent of rural households had no electricity and most villages are short of fuel for at least two months every year. They also estimated that one machine out of every five in China is idle for lack of power.

Chinese leaders have decided to invest in nuclear energy and plans for 10 plants have been drafted, though only two are included in the sixth five-year plan (1986-1985); one at Daya Bay near Hong Kong and the other at Qinshan in the eastern province of Zhejiang. The ambition is to achieve a generating capacity of 10,000 mW from atomic power by the year 2000.

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Wang Guang Ying — Everbright's Ebullient Chairman

Wang Guang Ying, 65, is China's most prominent capitalist abroad. He is chairman of China Everbright Holdings Company Limited, China's first privately registered business in Hong Kong since the 1949 Revolution. Wang is certainly not China's only capitalist, but he is the first to act like one.

From his 39th floor corner office suite overlooking Victoria Harbour and Kowloon, chairman Wang oversees a staff of 75 and the fruits of his wheeling and dealing. In a little over a year, Wang has managed to get Everbright involved in a variety of projects worth an estimated US\$900 million.

China under Deng Xiaoping decided to industrialize — and fast. Old-time capitalists like Wang Guang Ying, who was called a "red capitalist" by Premier Zhou En Lai, are back in vogue.

Wang is tailor-made for the job of facilitating East-West business ties. He is also well-connected, having married the sister of China's former head-of-state Liu Shao-qi. Current Premier Zhou Ziyang, a confidante of Wang's, helped Everbright get established in record time. Beijing also apparently gives the young company all its support.

Since people find the present policies very good, no one wants to change them. Certainly the longer Wang Guang Ying stays in town, the harder it will be for China to look backwards.

Guangzhou gets its First Fashion Show from China National Textile

While the music was the same, it was a 'Love Story' of a different sort that was enacted on the Guangzhou stage in March. It was a celebration of the changes that have swept China since the 'open door' policy to the West was initiated in 1979.

Models paraded 107 garments over the evenings of March 1st and 2nd — to the beat of music from the 1960s, the latest Cantonese pop songs and before packed houses in the 1,600-seat music hall opposite the Guangzhou railway station. It was the first fashion show ever staged by the Guangdong office of China National Textile Imports and Exports Corporation, co-sponsored with the China Silk Corporation.

And its purpose was not even to boost sales, it was just for fun. According to company spokesman, it was presented as entertainment for the citizens who may now buy and wear some of their fashions from Hong Kong and local designers; and a kind of corporate fashion

statement that the 'Liberty Uniform' — those drab blue or grey tunics and trousers out like Western pajamas — is a thing of the past.

Besides improving the quality of Guangzhou nightife and giving amateur singers and models a chance to practice, the event was a



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'Emulate Beijing's Jianguo Hotel,' Hotel Managers told at Tourism Conference

Fifty managers of top state-run hotels in China were told they should improve standards in their hotels, "by emulating the methods of Beijing's Jianguo Hotel, the first in the country to meet international standards." In 1984, the Jianguo was also referred to as a good example of how Western management ideas and techniques can be successful in China. The hotel is managed by Hong Kong's Peninsula Group, the oldest and among the most respected hotel management companies in Asia and the first foreign hotel company to manage a new international-style hotel in the People's Republic of China.

Well located in an area of offices of over 30 international diplomatic missions, and corporations and the commercial section of the

American Embassy, the 454-room Jianguo was designed by the overseas joint venture partner, American architect and property developer Clement Chen Jr. and provides all state of the art hotel facilities including an indoor heated swimming pool, boutiques, banquet facilities, and three restaurants serving Cantonese and other foods, a cocktail lounge and coffee shop.

Its food and beverage outlets are key indicators of quality to foreign Beijing residents and, always alert to market trends, the management decided to open a top quality Japanese restaurant late in 1983. The 'Nakabashi' restaurant on the hotel's ground floor was designed under direct supervision of Japanese management for authenticity and its kitchen is staffed by Japanese chefs.

Western delicatessen foods were well nigh impossible to come by before the Peninsula Group decided to open its 'Gourmet Corner,' which carries home-made breads, pastries and cakes in addition to cold cuts, home-smoked trout and imported cheeses. The famous Peninsula

chocolates are hand-made in the hotel with quality ingredients flown in from Switzerland and, twice weekly, the hotel's master chefs prepare a selection of past and vermeins. That the 'Gourmet Corner' would be a smashing success with expatriates was a given fact, the surprise was how popular it's become with local Chinese anxious to sample such exotic fare.

The Jianguo management means to keep their hotel at the top of the national ratings. One way it expects to do so is with continuous staff training in a center to be incorporated in new staff quarters now under construction. The hotel has also recently sponsored three staff members to study on a one year scholarship grant all aspects of hotel management at the Hong Kong Polytechnic. The hotel is also undergoing continuous refurbishment. They are now redecorating guest rooms under a phased program that allows for closing several rooms at a time over a number of months.

Training for service, redecorating for comfort, adding in food and beverage outlets for quality and innovating new services for convenience are four of the ways in which Peninsula Group management has built its reputation for excellence. This last, new service, is exemplified by recent introduction of a Valet Shop that provides expert dry-cleaning services available even to those who are not hotel guests, and a one-day Kodak film developing and printing service.

This artist's impression shows the main entrance and atrium lightings that give a garden atmosphere to the Jianguo Hotel's lobby. The hotel's tower has 310 guest rooms and its lower building complex has 145, including suites.

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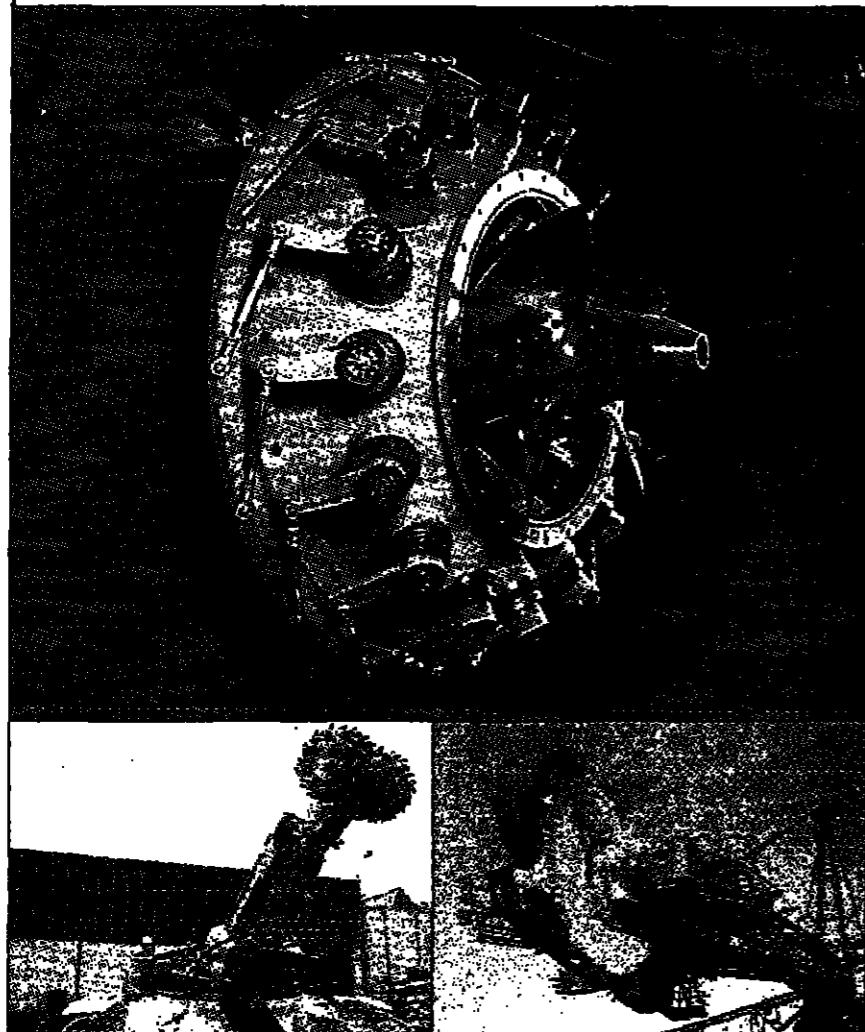
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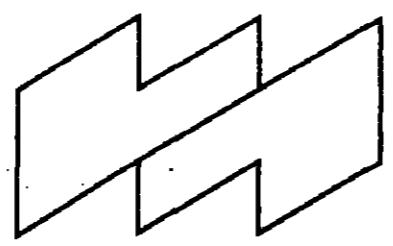
These capabilities are concentrated in seven market sectors, namely:

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AMEX pioneers Consumer Financial Services in China

"We are pacing China's growth. We're trying to provide services for tourism and business at the rate of China's expansion and ability to absorb them," says Richard Weden, Vice-President of American Express travel and card related services in the Far East, Pacific and People's Republic of China. Weden has been based in this Hong Kong posting since December 1983, when there were only three cities with about 14 service establishments accepting the card, mostly in Guangzhou.

Dick Weden is clearly proud of his 15 months spent building the China base of operations and services to American Express Cardmembers: "You can sleep, eat, drink in acceptable Western-style hotels in about 18 cities throughout China. We have about 150 affiliated establishments currently and expect close to 300 by the end of the year."

American Express has been in Beijing about three years, and has its representative office at the Peking Hotel.

They came to China under the auspices of the National Tourist Authority (N.T.A.), which is under the China International Tourist Service (C.I.T.S.). Initially they operated only in an advisory capacity to the government and as a liaison office for groups coming into China.

Even now, the only group tours sold directly by American Express come out of New York City and tally to about 3,000 passengers a year. Weden's strategy involves four simultaneous tasks: convincing high government officials that some American Express policies are inflexible, such as negotiating his way out of surcharges on card use by members that apply to all other card holders in China; conducting expense-paid seminars for operators of hotels and restaurants and Bank of China officers in the provinces to introduce the philosophy of credit cards and financial services; beating

the bushes to expand the service establishment base of American Express in China; enlarging the size of the Beijing Office to offer more comprehensive services to tourist groups and business people.

Direct Purchase Service

"Yes, you can hand your American Express Card to a waiter and pay your bill in a hotel restaurant accepting the card," affirms Weden, who adds that, "We still recommend you bring more travelers' checks than usual for travel to China." Lack of card acceptance and, most loudly, the indirect surcharging of card use by Chinese establishments has been a complaint of foreigners doing business there.

American Express forbids surcharging on their product, but the Chinese require a cash advance system be used by all other cards in the country. Until last December, anyone hoping to use a card other than American Express had to go to a special counter in their hotel to make an advance in the amount of their bill. They

could not simply hand a waiter their card and sign a chit. Besides being troublesome, it was expensive. Chinese bankers charge four percent of the total withdrawn for the service. Special hotel counters have since been removed and now only one bank per city is allowed to make such transactions.

This simplified banking

practices, but did little to

make life easier for card users.

American Express bypassed

the cost to customers itself by

paying a fixed fee of US\$6 per check, which also allows for

"direct purchase service" to

their cardmembers. That is a euphemism for being able to use the American Express Card for direct payments, without the complications of the "cash advance" system.

Financial Service Seminars

Richard Weden is a builder.

In the most recent issue of

American Express News, a

members newsletter published

in Hong Kong, he is

quoted as saying, "I consider

my job to be one of building

local operations that can be

run by local people; of conducting American Express operations in a way that is legally meaningful. In that way, when I move on, I can leave behind me a bit of philosophy, not just about American business, but international business, which allows for a contribution to the country and its people."

Acting on his belief in developing local talent, he hired the former director of the extramural education program at Hong Kong's well-respected Baptist College, Thomas Lok, now the director of American Express operating in Beijing. Putting an educator in the driver's seat was preparation for the seminar series that began in August 1984. So far four have been held in Guangzhou, Wuhan, Suzhou and Shanghai; attended by about 450 people. Those that relate to affiliated feature little signing ceremony at the end with presentation photographs of the managers from new service establishments.

The seminars are the basis upon which Weden claims "We are in the forefront, bringing the very concept of financial services and philosophy of credit cards to China. We pay their expenses to attend these sessions. We have invested the money at the time for this and are definitely the leaders here." Seminars are critical adjuncts expanding card acceptance since all such agreements are signed in conjunction with local branches of the Bank of China and administered

Continued, facing page

China's Open Areas

All foreign visitors to China require visas to enter the country. The following 149 places are 'open' to foreigners and all require travel permits except those thirty in italics. The numbers refer to the positions on the adjacent map.



Source: People's Daily (September 1984)

CHINA TEA & COFFEE

The following kinds of products are being handled for export by us, the Guangdong Tea Branch:

Black tea, green tea, scented tea, oolong tea, pu-erh tea, beeng cha, tou cha, lichee black tea, rose congou, kooloo tea, the well-known tea, canned drinks and a variety of teas in small packages. Each of these items has its own special characteristics and is welcomed by consumers both at home and abroad.

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Aerospatiale Helicopter Market tied to Offshore Oil Finds, Technology Transfer, and Direct Sales in China

"Although Aerospatiale will likely sell some inter-city commuter helicopters in China's current expansion, 'For us, the main market is the oil business,' says Henri Vernazobres, their Far East and Australasia Representative and Petroleum Industry Co-ordinator in Hong Kong.

For that reason, he is closely watching the build up to a new round of bidding for offshore oil contract concessions in the South China Sea, expected by the end of 1985 or early next year. China is among the world's largest oil producers and is a net oil exporter. However, its onshore oil production peaked in 1980 and the government has since placed great emphasis on attracting foreign investors to participate in exploration and development of offshore oil reserves. According to a recent Citibank report on investment, the China National Offshore Oil Corporation had concluded 18 oil exploration contracts with 27 foreign oil companies by the end of 1983.

So far, finds of commercial quantities of gas by ARCO and oil by TOTAL are the only successes of note, and gas is notoriously expensive to bring out and export. There is consequently a real question as to how many operators will want to undertake the search for resources in the next round of bidding. Vernazobres explains that shares in a concession are spread and it is the

number of vehicles needed and their size or flying characteristics. For instance an oil company may want a large capacity helicopter as a fail-safe against having to evacuate its men in bad weather areas, though the rig may not be far offshore and could normally be serviced by a smaller aircraft.

Helicopter services to oil companies are provided in co-

An SA 365N Dauphin II of CATIC.

operating companies that are closely monitored by service and supply companies like Aerospatiale. He says there are 12 companies active in the south at present, three near Shanghai and one Japanese firm among Chinese operators in the Bohai gulf.

Helicopter support companies rent equipment to oil companies on a monthly or six month basis to service specific oil exploration rig needs. Oil companies pay rental fees and an additional fee based on flight hours of use.

Oil companies exert great influence over which helicopters will be used on a given project and the rental market is actually tied to a ratio of rigs under construction and in use to the air support they require. Rig requirements and location of use affect both the

Continued from previous page

AMEX Financial Services

through their International Division headquarters. That means both local bankers and business managers must understand the credit card concept for the program to work.

Service Establishments

The payoff is that, according to Weden, American Express has easily doubled the number of service establishments of any other card in China. "About 75% of all people who come into Hong Kong are clients of ours in one way or another. I imagine the same is true in China," he surmises.

Weden outlines the current services available (as at mid-March) and notes they are operated in a cooperative arrangement with the Bank of China. These are some commonly available elsewhere that are not yet open to cardmembers in the country:

1. Emergency check cashing is available at Bank of China offices in 36 Chinese cities (see map).

2. Travelers' check refunds are available at the main branch of the Bank of China in eight cities so far: Beijing, Tianjin, Shanghai, Guangzhou, Hangzhou, Qingdao, Shijiazhuang, and Xian was signed on this month (see map).

3. Mail pickup services at the Beijing office.

for arts, antiques and crafts or carpets; over 70 in all.

Office Expansion

"As China opens with more airlines, hotels, tourist places, our office has more requests to handle an increased number of tourists and to offer services within China. It is now more a link to achieve tours than a direct tour operator." Weden wants to expand the office capacity in Beijing by moving from the present room on the 15th floor of the Peking Hotel to, "maybe the mezzanine area; which would give it greater size - and then staff it with both local Chinese and experienced American Express personnel."

He adds that, "We can't just think of Beijing. We also have office plans for Shanghai and maybe in Guangzhou, and are seeking government approval at present. We may have to go into some type of joint venture. We hope to have a company office in Beijing and then have American Express approved service-office relationships in Shanghai and other key cities."

New service establishments are being added daily and it is clear that Richard Weden and American Express see the People's Republic of China as a great bountiful wilderness of potential cardmembers, service establishments and users. It needs only to be tamed and taught the benefits of plastic over paper cash before it can be tapped.

helicopter sold since 1967 has led to over 100 Chinese technicians being trained at the main Marignane plant near Marignane airport or the La Courneuve helicopter blade plant near Paris.

"Those helicopters delivered in 1967 are still flying," notes Vernazobres, who adds that this means more as a testament to the original 15 Alouette III seven-seater helicopters than if they were aircraft, which generally require less maintenance. "In a helicopter, everything moves, so there is more wear."

In 1973, more direct sales were made, this time of 13 Super-Frelon models with three engines and long range. In 1980, besides the Harbin agreement, three Lama SA315 five-seater helicopters were purchased by China. This unique aircraft set a world altitude record of 12,440 meters and is capable of lifting more than its own weight. It's a workhorse vehicle popular for cargo sling operations, characterized by excellent high altitude and hot atmosphere performance. In 1984, six AS332 Super Puma models were purchased. These large vehicles are popular for corporate travel and transport of officials. Spare parts warehouses are kept in Hong Kong and Singapore and Aerospatiale keeps a French engineer in Beijing on call for after sale support.

rests in Beijing. So you must deal with both the end-user and a committee in Beijing.

"They have very old aircraft. Both Chinese and foreigners travel more now and their needs cannot be met by the roads and rail system. So there is even more reliance on airways," notes Vernazobres.

Aerospatiale has been operating in what is generally viewed as the world's last major untapped market for aircraft products since 1967. It is the world's leading exporter of helicopters, with 7,500 sold to almost 600 civil and military operators in 100 countries.

According to company literature "Aerospatiale is one helicopter out of four throughout the world," and its, "no exaggeration to say that the company earns almost 60% of its turnover by cooperating with foreign industries."

In 1979, the China National Aero Technology Import and Export Corporation (Catic) was created as the commercial arm of the ministry of aviation responsible for importing foreign technology and equipment. Over the last five years agreements with over 40 countries have been reached, including a licensing plan signed in 1980 with Aerospatiale to manufacture Dauphin II SA365N helicopters in Harbin.

Vernazobres describes the program as a progressive exercise which began with the French company at first just sending breakdowns for reassembly. Now some parts are made in China and eventually everything will be made there. Technology transfer at this plant and the training of pilots and engineers with each

Peninsula Group promises Global Standards for the Garden Hotel

Late last year the Peninsula Group undertook to bring international management and service standards to the 24-storey Garden Hotel in Guangzhou (Canton). In a joint venture agreement with Guangzhou Lingnan Investment Company and Garden Hotel Holdings (HK) Ltd, this 'city within a city' aims to become a primary venue for business travellers to Spring and Autumn trade fairs, as well as overseas residents based in Guangdong to support new 'open door' investments like development of South China Sea oil exploration support bases in nearby Zhuhai.

The Garden Hotel and adjoining 17-storey office and apartment block are set in their own landscaped gardens, and the 24-storey hotel has been designed to provide both the guests in its 1,147 rooms and expatriate residents a self-contained service and leisure center in China. Food and beverage outlets range from a revolving restaurant at a height of 90 meters over Guangzhou,

"The Carousel", to an unusual collection of small food stalls clustered along an artificial lane called "Lai Wan Market" and serving Southern Chinese specialities and snacks. There are 15 restaurant outlets in all.

Leisure facilities include international standard tennis and squash courts, due for completion late this year, and

multi-lingual secretarial services.

Already managing one of the world's great hotels, The Peninsula Group recognized early on that high standards of facilities without related service quality were a waste of money. To overcome the problem, they devised an extensive training program for their 2,000 locally recruited staff.

Increasingly, new Guangzhou hotels have celebrated the merging of Western modernism with Oriental themes in their lobby decor. The lobby of the Garden Hotel, designed by architects W. Szeto and Partners of Hong Kong, is a sculptural marble showcase of mammoth proportions - 80 meters long and nine high - that pays tribute to China's most famous literary classic, *The Dream of the Red Chamber*, on one side of its luxuriant entranceway, and to the agrarian life of Hainan Island on the other.

Members of the Foshan Arts and Crafts Institute were commissioned to depict a scene from *The Dream of the Red Chamber* in black marble transported from Shanghai. The scene is described with incised gold leaf. Hainan's simple agrarian lifestyle is contrasted in blocks of white marble. To complete the sculptural gallery, the city's official flower, from the kapok tree, is carved in relief on white marble at the far end of the lobby.



Elegantly covered entrance to the Garden Hotel in Guangzhou, which is managed by the Peninsula Group of Hong Kong.

Retailing, Containerisation, Trading and a patient, long-term approach to China...

Hutchison has prospered in difficult economic times by doing well what we know best

Hong Kong has shaken off the uncertainty of world recession and exports, once again, are on the increase. Over the past two years we've actively participated in this growth. For example, we handled over 43 percent of Hong Kong's container traffic through our container terminal at Kwai Chung.

Retailing & trading
Meanwhile, many Hong Kong consumers wanted an alternative to traditional family stores and streetmarkets. Hutchison's A.S. Watson Division was positioned to accommodate. The Park'n Shop supermarket chain is now the largest in Hong Kong. Watson's retail chain (chemist and personal products) is also the largest of its kind with 30 outlets.

John D. Hutchison Trading Group is another Hutchison enterprise that has done exceptionally well. With products such as Cadbury's, Kellogg's and Nike sportswear, every Hong Kong household uses at least one JDH product every day.

Growth & profits
Knowing the right moment to act and

grasping the initiative when opportunities arise is why Hutchison is more than just managing in Hong Kong. What more conclusive evidence is there than our consolidated net profit for the year ended 31st December, 1983 of HK\$1.17 billion?

Our spheres of influence include quarrying, shipping, food manufacturing... even hotel ownership.

We're also in property management and development. Our policy of

steady, sensible growth has helped us to profit even during the unsettled property market of the past two years.

China trade

Hutchison is increasingly involved in business with China. We have offices in Beijing and Shanghai and we're steadily building our commercial ties with most of the China State agencies. We know the prospects of business with China offer great potential, but care, patience and a clear understanding of China's priorities are prerequisites for success.

If you're looking into Hong Kong or China, it would be worth your while to take a closer look at Hutchison.

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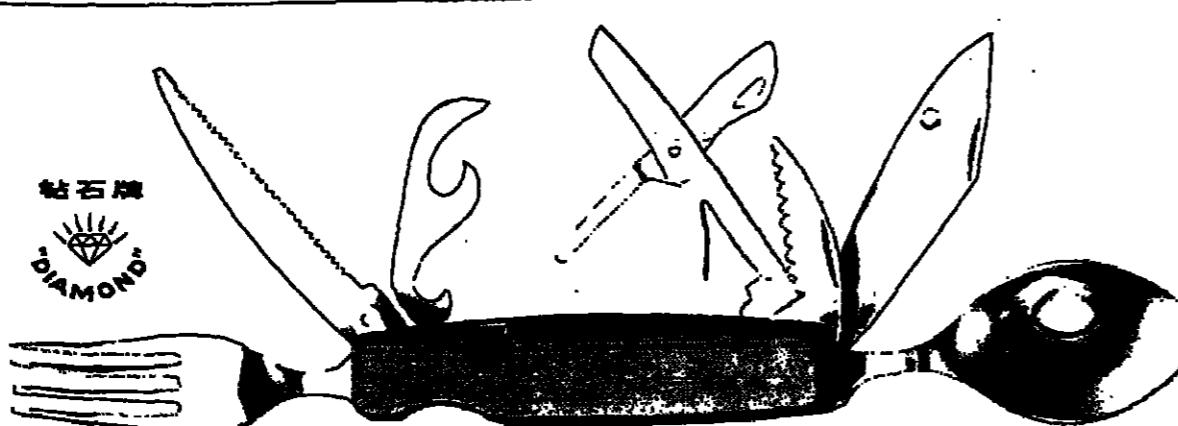
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GDLIP



Guangdong CNLIP markets Diamond Knives Overseas

Guangdong's branch of the China National Light Industrial Products Import and Export Corporation means to put a 'Diamond' in the pockets of new overseas customers - a 'Diamond' (Yang Jiang) brand knife. Over 200 types of knives are produced by the branch in an industry traditional to the province, but which has been adapted to machine production.

Their emphasis is now aimed to compete in markets dominated by the classic "Swiss Army Knife" and its imitators with variations on pocket or camping knives that fold closed. However, the company has produced knives

can hold an edge is demonstrated by their ability to still be used as a shaving blade after slicing a coin into halves, say company spokesmen. Quality and competitive pricing have already led to demand for the 'Diamond' knives in Guangdong in 42 countries in Europe, the Americas, Southeast Asia, and Africa.

CNLIP is still directly regulated by central state planners and its eight divisions are situated

since the turn of this century and offers a wide range of products, such as hunting and kitchen knives. They come in stainless steel or electroplate and handles can be wood, aluminium, plastic, etc.

The fact that their knives

throughout the province and employ tens of thousands of workers - most often in very small production teams. They are anxious to import modern technologies for the reason that current methods keep outputs low though the branch enjoys a huge market penetration. Beyond the odd items like plastics and steel sheets, raw materials are supplied locally.

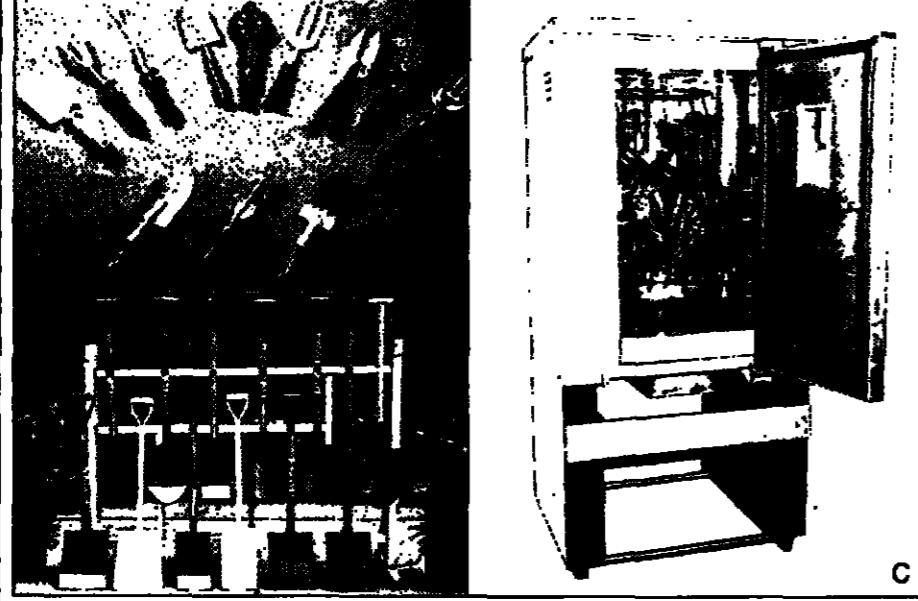
Bonuses

The impact of new open door policies is expressed in new wage systems and wider overseas participation bonuses are given and some workers measure their monthly pay in the hundreds of Renminbi. This remains considerably lower than comparable workers in Hong Kong, Singapore, Taiwan or South Korea, but spokesmen claim it is for the moment the success of financial incentives rather than such relative dollar amounts that have improved efficiency.

Opportunities

All eight of the branch divisions are keen for overseas involvement, which offers opportunities to the small and medium investor, such as a German company that is involved in a cooperative venture to produce a barbecue oven which burns wood fuel rather than gas or requiring electricity. The divisions are: Large and Small general merchandise departments; Stationery, Musical instruments (Chinese and Western); Sporting goods, and Paper; Plastic products (including toys and plastic utility items); Household construction products (including wallpaper and carpets); Household electrical appliances; Shoes (mainly of rubber and cloth for light uses); Suitcases and handbags.

MACHINERY From Guangdong CHINA



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Hong Kong.

PIA counts its China Service a High Point in its Growth

It was the proudest moment in the history of Pakistan's national carrier when its Boeing 720-B landed at Shanghai airport, commencing a regular weekly service from Karachi to Canton (Guangzhou) and Shanghai in April 1964. PIA was the first IATA carrier and first airline of a non-communist country to touch down on the mainland. The People's Republic of China has opened its doors to the outside world on the wings of PIA.

Thirty-one years ago in 1954, a passenger airline carrying the flag of the sovereign state of Pakistan swept into the clear blue sky over Karachi. It was a green and white Lockheed Super Constellation. The flight - the first ever non-stop Karachi-Dhaka service - signalled the birth of PIA, a landmark in the aviation history of Pakistan.

Today, Pakistan International with a fleet of 32 of the best available aircraft in the world, ranging from the ever useful F-27 to the giant Boeing 747, transports over 10,000 passengers and tons of cargo every day, touching 38 international destinations in Asia, Africa, Europe and North America, besides 24 domestic points.

PIA today wears a modern look and intends to keep it so, looking into the future with humility, hope and aspiration. To survive and succeed in the tough, fast-moving and fast-growing world of commercial aviation, we depend as much on enterprise as on innovation.

Will to Succeed

From 1954 to 1985 is a story of three decades of relentless effort, imagination and enterprise reinforced by a

commitment to excellence and a determination to succeed. The airline today symbolizes Pakistani enterprise and reflects a dynamism that is the pride of Pakistan.

Profitability, though very welcome and essential for the survival and growth of an airline, however, is not the only consideration in PIA. Being a national airline, PIA is ever mindful of its role in the development of Pakistan.

By linking of remote and inaccessible coastal towns or providing the life-line to the snow-bound Northern Region, be it the induction of modern technology in Pakistan or the introduction of Pakistan skill and enterprise abroad, PIA has never failed to spread its wings.

Having set the trend for modernisation in Pakistan, PIA has kept pace with technological developments in the industry, achieving many a first on the way. PIA today is the first Asian airline to order the brand-new Boeing 737-300.

Over twenty years ago, PIA became the first non-communist airline to fly to the People's Republic of China - not merely another PIA landmark but a major international aviation breakthrough, the opening of China.

And 16 years ago, PIA helped bring about another international breakthrough - the first major contact between the United States of America and the People's Republic of China. Cloaked in

absolute secrecy, a PIA Boeing flew Dr. Henry Kissinger from Islamabad to Beijing. That was history in the making again.

PIA does not rest on past laurels. There is a continuous effort for the better. Effective management, always of special concern to an organization with the scope and size of PIA, is currently under scrutiny again.

The airline's steadily improving performance since mid '81 is an indication that administration has been geared up and the whole complex organization is functioning more smoothly.

On the international scene, PIA are looking towards and working for greater cooperation and coordination between not just the Asian airlines but the airlines of all developing countries. On our part, PIA has helped train airline personnel from many developing countries and continue to do so at our modern training centre.

Wherever possible, PIA will try to meet the needs of developing airlines for skilled technical staff. This is in addition to the training PIA provides to their employees at all levels.

In a world where size matters, the operations of airlines of developing countries based on a pooling of resources present a great potential which, if exploited imaginatively, could open up new vistas of growth and expansion.

Medical Supply Branch of Guangdong CNC goes Independent

Spokesmen for the Medical Supply division of Guangdong's China National Chemicals Import and Export Corporation branch said that as of 9th March they have been established as an independent trading entity due to their increasing importance and size. The division is presently broken into four departments: patent medicine, pharmaceuticals, medical equipment and clinical supplies.

The medical supply division is a trading and manufacturing operation, but does no research of its own. It does influence the direction of research, however, as the organization responsible for marketing and commercializing laboratory products.

The medical supply division has nothing to do with Chinese traditional herbal medicine, spokesmen caution. It is rather a modern pharmaceuticals house that handles about 11 categories of prepared drugs such as antibiotics, sulfonamides, antipyretics and analgesics,

vitamins, sedatives, biochemicals, steroids, and special feed grain chemicals, etc.

Products currently in high demand are Hesperidin Methyl Chalcone, derived from mandarin oranges. It is believed to prevent high blood pressure, arteriosclerosis, scurvy and nose hemorrhage. Division spokesmen note that, according to the literature of other countries, it can also help in the prevention of gastric ulcers, treat the symptoms of dropsy, and some allergies. It is also an ingredient in certain medical cosmetics.



The China National Chemicals Import & Export Corporation was founded in 1950. It is the first import-export corporation to have been established in the area of south and central China, with its head office in Guangzhou. Besides exporting pharmaceuticals CNC Guangdong handles over 100 individual chemicals and has

Austria's Voest-Alpine pursues five major Far East Markets

Voest-Alpine AG Finalindustrie, the finished products division, is known mostly for its processed steel products. Its production in the 1970s was redirected from medium and heavy machinery towards precision and automation engineering and a concentration on five major areas in Far East markets: hydro-electric power plants, mining, transport and handling equipment, machine and precision technology, oil and gas field equipment, machine and precision technology, oil and gas field equipment and services.

In the hydro-power area, the Voest-Alpine bulb turbine has wide appeal for use on river power stations due to its combination of high efficiencies, short construction time, and relatively small size - which enable the building of smaller powerhouses for the turbine and a less obtrusive presence in the countryside.

Power station components

from Voest-Alpine are already in use in the Philippines, India and Taiwan. Components and complete stations have been sold to the Philippines for its Magat River Project at the Agus I station and the Maramag-Pulangi IV station on Mindanao. In India, they have provided the mechanical equipment for the Panbar Hill pump storage station and components for Taiwan hydro-power stations.

Austria has a long history of mining and in the production of associated equipment for both tunneling and open pit operations. Valuable lessons learned in developing their own difficult to reach deposits have been the basis for creating high standards of mine products, service and engineering. For instance, their AM 50 Alpine Miner, one of four in series, is a selective

power stations are the specialties of the company's steel and apparatus construction department - the largest of its kind in Austria and among the best known in Western Europe. Their seven major markets are defined by their high stress conditions and related safety concerns: conversion plants, heavy oil hydration, methanol plants, ammonia plants, coal upgrading plants, conventional and nuclear power stations, and any plants with high temperature and pressure requirements.

Transportation of heavy materials is a standard requirement of the mining industry and Voest-Alpine has developed automated conveying and handling installations based on its own experience in mining and steel plants. Automation has also played an important role in the development of their machine and precision technology. For over 30 years they have manufactured tool machines for both cutting and non-cutting applications. By using module-type construction tied to highly computerized hierarchies of controls, Voest-Alpine engineers claim to have high pressure valves.

Voest-Alpine's long-term strategy is to combine Austrian experience with technology from the United States and they already have joint manufacturing agreements for drill bits, electric submersible pumps and complex drilling rigs. Related services include the provision of petroleum engineers for consulting on production and reservoir engineering problems.

Beautiful Porcelain and Pottery from China

For over one thousand years the area of Guangdong Province has been famous in China for its porcelain and pottery.

Guangdong Ceramics Company is a trading and manufacturing company which is responsible for research, manufacturing, domestic sales and the export marketing of ceramics products from Guangdong Province.

Available for export are: ceramics for daily use; art pottery and porcelain; garden items, and building as well as industrial porcelain products.

Guangdong Ceramics Company is also interested in the importation of technical materials for ceramics, fuel, equipment and appliances related to the production of ceramics.

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جامعة من الأفضل

Hutchison looks to build a China profit Center

ONE of Hong Kong's most profitable trading houses is poised to expand into China during the next few years.

Hutchison Whampoa Ltd (HWL) has been involved in the growing China market for several years and the confidence engendered by the success of the 1979 agreement has encouraged its Chinese ambitions.

As Hutchison Group Managing Director Simon Murray is quick to point out, the Hutchison China Trading Division has undergone a dramatic expansion since Simon To was appointed Managing Director in 1980.

"We now have 42 people in Beijing, Guangzhou, Shanghai and Hong Kong who are actively involved in seeking opportunities and participation for group members and their agencies," Murray explained.

"They're also acting independently to develop two way trade and investment opportunities between China and the industrialized world on their own account."

In order to meet the diverse demands of the Hutchison Group divisions while simultaneously concentrating on building up China trade as a profit center in its own right, Simon To has split his empire up into Consumer, Construction, Industrial and Energy/Aviation/Hotel Supplies sections.

"The first three divisions concentrate on handling such things as Chinese canned food products, the manufacture of ice creams in Shanghai and the importing of steel for marketing in Hong Kong," To explained.

While this is obviously a key element of the China trade Division's business, the rapid development of the WL Group's own expertise in the China market opens the way for HCT's expansion.

"We've already made some very satisfying gains in several key areas and have won contracts for supply of shore logistical support systems and technology to the Chinese coal industry," To revealed.

The Aviation division presents agencies such as Lockheed Georgia, aerospace Helicopter Division, Dornier aircraft and a leasing of Helicraft as well as a leasing of Helicraft of Holland helicopters and STOL aircraft operators.

"We're also currently developing a joint venture air cargo company with AAC-Shanghai, Airborne and DHX through the fruits of which won't be seen for several years yet," To said.

The Hotel Supplies department markets building materials, furniture, fixtures and equipment to hotels and office buildings.

"I think our investment in long term credibility through office expansion and an increase in personnel has already paid off," To added.

"The real profits will be made during the next decade. I believe our position as the only China trading company with strong Hong Kong

With more than 90% of its activity and its assets in Hong Kong, Hutchison has prospered during the past two uncertain years with post tax earnings now exceeding US\$120 million on a recurring basis.

"Although other trading companies have diversified



South China Sea Oil Rig, the Jim Cunningham, under repair at Hutchison's Hong Kong United Dockyards facility.

Photo: Hutchison Whampoa Ltd.

Chinese control will enable us to build on this foundation." While this ties in neatly with Hutchison's China philosophy of "specializing to build a reputation for professionalism in fields such as offshore oil services, aviation, industrial catering and engineering", it doesn't mean that the company is leaving Hong Kong.

geographically in the last few years, we've concentrated on our traditional businesses in Hong Kong and withstood the temptation to move offshore," Simon Murray noted.

Although HWL has no definite plans to invest in China, Hutchison's recent stock market activity will ensure that the Group is

continues to be securely based in Hong Kong. The trading concern successfully acquired 34% of Hong Kong Electric in a HK\$2.9 billion (US\$371 million) deal which provides the Group with quality recurring profits.

A steady performer whose consolidated group profit increased by 19% from HK\$782 million (US\$100 million) to HK\$934 million (US\$121 million) in 1983, Hong Kong Electric is expected to become even more profitable in coming years as economic recovery comes to the territory.

The electric utility also has mechanical engineering, property, retail, contract sales, export and ceramic divisions that complement Hutchison's own diverse interests.

"Many of HWL's operations will be strengthened by the acquisition of a significant share of a large, well managed and easily identifiable company such as Hong Kong Electric," Murray said.

Speaking of Hutchison Group's property division, Mr. Murray said, "The commercial areas of housing estates such as Aberdeen Centre, Hung Hom Bay Centre and Provident Centre which the group has developed, together with prime office and industrial buildings, provides a rental income of over HK\$300 million (US\$38 million) per year".

Recently the HWL Group confirmed a US\$400 million investment program for the redevelopment of the Hung Hom dockyard.

"More than 11,000 residential apartments will be constructed on the site over the next six years, which should provide a sound income on an annual basis as each stage is developed," Murray noted.

This expenditure is matched by the amount of investment Hutchison is



Mr. Simon Murray
Group Managing Director, Hutchison Whampoa Ltd.

It's said that every household in Hong Kong uses some product handled by John D. Hutchison every day, many of which are retailed through the HWL group's A.S. Watson subsidiary.

HWL operates the largest chain of supermarkets in the colony through some 96 Pack 'N Shop supermarkets and 34 Watson's stores, together with a manufacturing arm producing soft drinks and foodstuffs.

Watson's has already made a tentative move into China through the supply of beverages and ice creams.

Hutchison's quarrying interests are well established as a supplier of aggregate, asphalt and ready mixed concrete to the local construction industry.

"We are arguably the largest private container operator in the world, handling over 800,000 TEUs or twenty foot equivalent units per year," Murray explained.

In the foreseeable future the Group will decide whether or not to spend US\$250 million plus on extensions to the container terminal to meet anticipated growth in demand.

"We believe that this could be a sound investment in Hong Kong's future, particularly as the draft agreement with China specifically provides for the container port to remain in the private sector," Murray said. Many of the containers handled by the terminals are destined for major importers and wholesalers in Hong Kong such as John D. Hutchison Trading Limited, which represents many brand-name products on an exclusive agency arrangement.

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"Unfortunately there has been a general down turn in the construction industry lately, but the company has secured long term contracts for such projects as the Mass Transit Railway system, which has enabled it to ride out the difficulties," Murray added.

Looking further ahead, Hutchison has made its initial foray into the hi-tech future through its investment in a new company, Hutchison Telephone Company Limited.

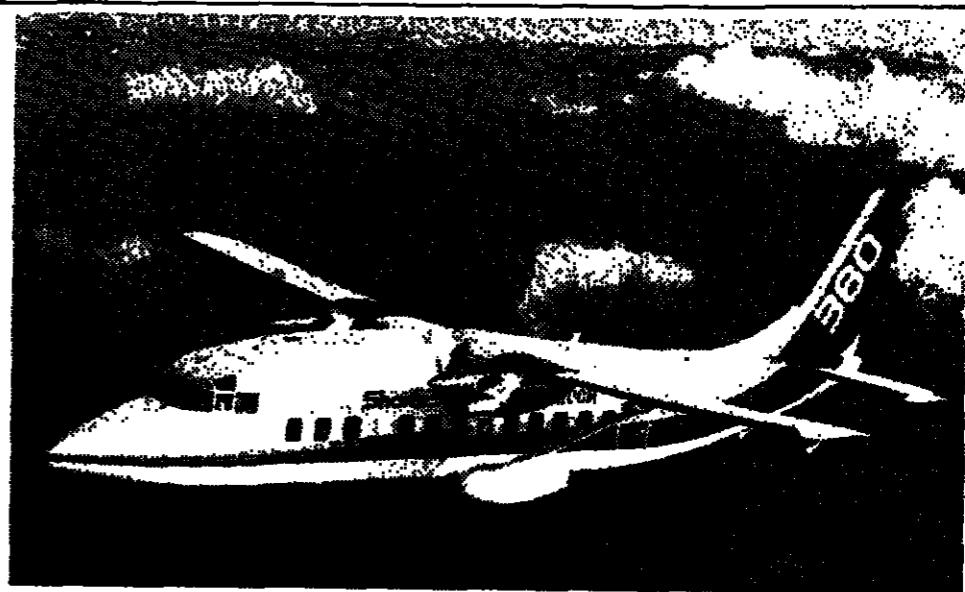
"It is a new venture with Motorola and Distacomm Communications in which we have 51%. Hutchison Telephone will offer a public mobile and portable cellular telephone service to Hong Kong," Murray explained.

Add to this Hutchison's

substantial minority interests in Hong Kong's South China Morning Post Newspaper, and Sheraton Hotel, and a clear portrait of a solid, well managed and diverse group emerges.

"Our fundamental strength lies in our operational management at the working level and the group's adherence to the businesses it knows well in the environment it knows best," Murray concluded.

"Given this strength we can look to the future with great confidence, particularly in the Chinese market which is ready for business and whose open door policy has provided a welcome incentive for Hong Kong based traders such as ourselves."



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GHG-1975

"Black Tea" Growers increase efficiency with "Big Leaf" plants

The "Black Tea" of Guangdong Province has been as favored to Western tastes, since the mid-17th century, have the export porcelain cups from which Europeans sipped their tea. Guangdong's warm climate and relatively low elevations have made it well-suited to meet the demands of an international market for tea that milk well and are full-bodied. Besides processing teas grown in the area, Guangdong stores handle the Yingteh Black Tea of Yingbeity to the north and a black tea from Hainan Island to the south.

All the tea in China is the same, until it's processed, tea makers talk like vintners when they start to describe

the subtleties of their products, but there are three basic teas that result from controlled drying and

fermentation: green, oolong and black. Broken Orange Pekoe is a fine cut black tea that has become a Western standard. Guangdong's gardens growing this variety have a picking season from March through to late October. Cooler northern areas get their first flush harvest in about April until late September, when the last and usually best harvest of the year is made. Picking in Hainan goes on 11 months a year.

Until the late 1950s, Guangdong specialized in small leaf exports of "Congou" teas. These fine tea leaves were once hand rolled and their name comes from a mispronunciation of the Chinese term meaning "much work". Less work for greater gains explains why provincial

growers have increasingly switched over to "big leaf" teas transplanted from Yunnan Province. They adapt easily and offer an excellent Orange Pekoe type tea. Growers claim they have enough "golden tips" to rate them among the world's best black teas, usually considered to come from places like Sri Lanka and India.

"Big leaf" tea leaves measure in at about 15 by 5/cm when full grown, versus the tiny Congou leaves that may be only 5 by 2/cm. Guangdong Province has long been a region pioneering the adaptation of Chinese products for export markets, and its tea growers have only naturally been the first to market their product in tea bags for overseas sales.

in the shapes of butterflies or with unusual landscapes and designs by methods reminiscent of folk artists in America who build cathedrals and the like out of wooden matches. To create these patterns and collage effects, each piece of straw is slit down one side with a razor, then soaked in warm water. After being ironed dry, the flat ribbons of straw are glued side by side onto a sheet of paper. These can be cut and shaped before being glued to a box to make an array of designs.

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Meridien Airport Hotel plays a China Card

Hong Kong has built its business reputation on being a compact city. For that reason alone, notes Michael Novatin, General Manager of the Meridien Airport Hotel, "an airport hotel is not needed just because of distance from town." It was the apparent contradiction of good business sense when the hotel was built 2.5 years ago that made it the butt of local jokes. "We were laughed at, pushed around and jeered at for building a hotel in a squatter area," recalls Novatin.

There are few things sweeter than the last laugh, and Michael Novatin has had it. His hotel runs at 90% occupancy 2.5 years after its opening, has what he claims is an 80% business traveler clientele with 1,200 commercial accounts and a ranking right after the Mandarin and

questions about traveling and doing business in China that we couldn't answer," says Novatin. First he brought in Riggs Business Service Centers to assist hotel guests and answer questions. Then he issued a small booklet, *The China Connection Directory*. Five thousand copies were



View of the Regal Meridien Hong Kong Airport Hotel showing footbridge linking it to the airport, which features moving luggage racks and porters to eliminate the need for baggage handling by guests.

Regent among business people.

Last year Novatin noticed that he had a high percentage of oil company staff and other China traders staying in the hotel. "They kept asking

gone in three weeks. It took no genius to recognize a pent up demand for information for China traders.

It does take a certain genius to turn a losing proposition around, which is what

Michael Novatin intends to do with a floor of empty shopping center space in his hotel. The original owners thought there would be spillover shoppers from the airport.

A combination of over-optimistic rent rates, depressed property market and a resistance to leave the terminal on the part of casual shoppers left a lot of empty spaces in the Meridien Airport hotel shopping mall.

Why not create a China Trader's Center in the unused spaces, thought Novatin. So he cleared a budget of HKD 3 million to redesign the floor into private office spaces for rent. Riggs Business Center will be there, as will a small conference room, business center, exhibition area, medical clinic and health club. Facsimile machines will be available, popular for Chinese and Japanese languages as well as English, and translators will be on call for Mandarin and Cantonese requirements.

"By the middle of March, we will have an entire floor of this hotel completely converted and geared to the business market of China," claimed Novatin in a February interview.

Other Hong Kong hotels have built their business clientele on the garment trade in Kowloon and the financial center in Hong Kong's Central district. Meridien Airport Hotel means to look into the important business sector built upon China's "open door" policy by offering better access to the China trade.

money by filling as few as 13 seats, or one-third of the aircraft's capacity.

Successful

Model 360 entered service in December 1982 and has already been adopted by 20 airlines worldwide for short-haul service, wherein as many as 20 flights per day in all weather conditions may be operated, in a wide variety of environments. Ease of maintenance and quick-turn-around capability are required and it's likely that the record of the earlier model 330 influenced the purchase decision. That aircraft has

Art and Automation meet in the making of "Chinaware"

Art and automation meet in the form of the Guangdong Ceramics Company. Under China's reorganized export business sector, the company has become an integrated trading and manufacturing complex that brings together everything from ceramic bathroom tiles to hand-crafted Shwan pottery figurines still baked in a Song dynasty "Dragon kiln".

Guangdong Ceramics Company's unique brief is to keep one foot in the past, providing the needs of such artisan cottage industries. Its foot is planted firmly in the present, providing for automated manufacturing of dinnerware in up to 45-piece sets, outdoor ceramics for use in gardens and architectural applications, and industrial porcelains. Guangdong ceramics imports technology, fuel, equipment parts and appliances to feed these automated production lines which supply both domestic market and export requirements.

Shwan

Shwan is a suburb of the provincial capital, Guangzhou (Canton), and its sculpted ceramic figurines are among the premiere craft products of south China. Between the 9th and 13th centuries, Song dynasty leaders waged a running battle against conquest by the Jin kingdom, and were eventually driven to the far south.

Guangzhou

Best known in the West are products of "Guangzhou

Yongzheng in the Qing dynasty.

What makes Guangzhou Decor so eminently decorative is that the painted enamel motifs are always enriched with gold lines, which give them the look of tapestry. The effect is achieved by painting in fired porcelain bisque with colour glazes and gilt followed by refiring to seal them, and the amount of gold used in a given design is an important price determin-

Shantou/ Gaopu

Shantou has been among the three great centers of ceramicists for over 1,200 years, since the Tang dynasty. Since the 16th century, most production has come from

Fengxi, a suburban townlet in Chao'an country, for the simple reason that the major raw material of porcelain, high grade kaolin, is as available there as common soil. It is today a major center of underglaze blue-on-white reproductions in the Ming dynasty style and its own carved vases, which apply a repoussé technique to create intricate woven patterns and figures reminiscent of lace into the body of porcelain vases.

Gaozi, in eastern Dabu county, is second only to Fengxi in the quantity of porcelain produced and its antique reproductions in the difficult to control underglazed-red technique are considered to be among the best of their kind in China.

China's first Western Secretary

"China is wideopen," enthuses Margaret Sullivan, "every one needs help if we can provide it."

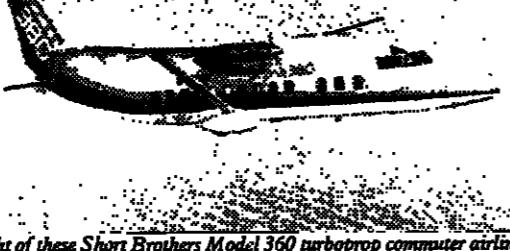
Sullivan claims established record of success at placing temporary permanent secretarial staff in China, her Hong Kong agency has become a leader in the business of secretarial services. They now offer processing, computerized office facilities, instant report processing, tapes provided by visiting delegations or Chinese traders and, of course, traditional secretaries as required.

Differ on Way It With Japan

Shorts 360 Aircraft to be used in China's Air Transport Expansion

Short Brothers PLC, the Belfast aircraft manufacturers, has confirmed the signing of a contract for eight Shorts 360 regional airliners to be purchased by the Civil Aviation Administration of China (CAAC), with the possibility of further orders. The aircraft will be delivered this year and underscore Shorts' penetration of the Far Eastern market following successful use of the earlier Shorts 330 model aircraft in Thailand and the new 360 model in Malaysia.

China has ambitious plans for aircraft and air transport development and competition among Western companies after a slice of its enormous aerospace market is intense, which has made the sale all the more satisfying to this old and well-established aircraft company - the founders of which even produced biplanes for the Wright brothers in 1909. Today, its wide-bodied, 36-seat model 360 airliner has become a commuter airline favorite in the United States and elsewhere.



Eight of these Short Brothers Model 360 turboprop commuter airliners will be used by CAAC in the new economic zones.

fuel-efficient performance of any aircraft in its field. Because of it, the plane's break-even load factor beats the opposition with ease. Shorts claims some operators of the model 360 can make

achieved a 99% in-service despatch reliability record.

It is a testament to the Shorts model 360 combination of price appeal, economic operation, ruggedness and versatility that it was chosen

for use in some of the new areas of economic development around coastal cities and special zones in the south of China. A large number of commuter aircraft spanning the 40-150 seat range will be needed by the smaller regional airlines which are expected to spring up with the intended decentralization of CAAC already announced. The break-up of the state airline is expected to dramatically alter the course of aviation in China.

Tourism is increasing at exponential rates, as are the requirements for transport aircraft and those employed in resource development (e.g. forestry, crop spraying, mapping, remote sensing).

CAAC reportedly operates 13 different aircraft types in 18 provinces just for resource development. Regional administrations may well want to update older aircraft types as well as expand operations; all of which bodes well for Short Brothers, whose rugged model 360 is built with a design objective to achieve a safe fatigue life of at least 40,000 flights and can be transformed from a passenger to cargo aircraft in as little as 25 minutes.

All of this translates to a large near-term demand for aircraft for which Short Brothers now enjoy an inside track in helping to fill.

Guangzhou's Paint Brush business bristles

Although figures were not available, spokesmen for the Guangzhou office of the China National Native Produce and Animal By-products Import and Export Corporation claim they are doing a bristling business with their "three star" brand lines of paint brushes. Other product lines of the Guangzhou office, which takes pains to clarify that it is on an equal footing with the Guangdong provincial office of the same organization, include leather shoes, down and feather products, Angora white rabbit hair and leather garments, pig skin products, gloves and furs.

As explained by company spokesman, the Guangzhou city office reports directly to the Beijing headquarters, as does

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BUSINESS ROUNDUP

Standard Chartered Shows Rise in '84 Pretax Profit

Reuters

ONDON — Standard Chartered PLC reported Tuesday 4 pretax profit rose 8 percent in a year earlier, to £290.3 million (about \$334 million at current rates), but said net fell to £157.2 million, a reduction of a £150-million clause of a £150-million or tax. The bank said it increased its net for bad loans by 26.1 percent, to £169 million, reflecting a fall of 34 million, reflecting a fall of asset quality in all lending areas. It has nearly doubled, to £110 million, its allocation for provisions.

Standard Chartered said operations for 1984 reflect excellent performance in South Africa, in the commercial banking and from its Union Bank subsidiary in California.

British Aerospace's 46.3% Rise in Pretax Profit

Reuters

ONDON — British Aerospace's Tuesday pretax profit rose 46.3 percent last year, to £100 million (about \$140 million at rates) from £82.3 million, helped by a weaker pound and military sales.

Company, one of Europe's makers of planes, space and missile systems, rose 7 percent from 1983, to £1.3 billion from £2.3 billion.

Profit margins on sales fell to 6.7 percent last year, 3 percent despite competitive conditions and a reduction in allowable returns on British sales. Profit on civil aircraft was marginal, it said, while on military aircraft sales were strong. The loss activities widened to £15.2 million from £14.2 million in 1983, partly said.

Results which were above analysts' expectations, the company's shares to a share on the London Exchange before settling 385, up 5 pence from Monday.

Government of Prime Minister Margaret Thatcher plans to sell a 10 percent stake in British in early May, but will special interest to ensure change is made in providing foreign ownership.

Assets Up 10% At Swiss Banks

Reuters

ZURICH — A survey of 71 Swiss banks showed assets growth during 1984 of 10 percent, due in large part to the rise in the dollar, the Swiss National Bank said Tuesday.

In its monthly report, the central bank said the 71 banks surveyed normally represent about three-quarters of all Swiss banking assets. In 1983, the bank said, their balance sheets grew by 7.2 percent. Virtually all of the difference between the two years was due to the rising dollar, it said.

Domestic loans rose by 9.5 percent after 6.3 percent in 1983, due to economic growth and to an accounting change in which deposits and loans to Liechtenstein residents were considered domestic positions for the first time.

Searle, Maker of NutraSweet, Ends Its Search for a Buyer

Los Angeles Times Service

LOS ANGELES — G.D. Searle & Co., maker of the popular NutraSweet sugar substitute, said it has ended its search for a possible buyer of all or part of the company and will remain independent.

The Skokie, Illinois-based pharmaceutical company announced last September that it was exploring a sale at the request of the Searle family, which wanted to diversify its 34-percent stake. Among the companies that expressed interest in Searle were Pfizer Inc., Monsanto Co. and Angus Chemical Co.

Searle said Monday that its board unanimously agreed that the company should remain independent after studying various alternatives, including a number of unidentified proposals to buy the company's businesses.

Searle stock closed Tuesday at

547 per share on the New York Stock Exchange, a drop of \$1.75 from Monday, when it fell \$3.

Michael A. Martorelli, an analyst with Jancen Montgomery Scott in Philadelphia, said: "I still think the reason for (a sale) falling apart is that they couldn't get the deal they wanted. They couldn't get the value from NutraSweet that they thought was there."

Ronald Rumsfeld, Searle's president and chief executive, said in a statement that the decision was based on "the fundamental confidence we have in the future of the company."

He cited the recent decisions by major soft-drink makers to switch to using NutraSweet in their diet beverages, the start-up of a \$130-million NutraSweet plant and Searle's plans to launch its new Cytotec anti-ulcer drug in Mexico.

Searle stock closed Tuesday at

COMPANY NOTES

Burroughs Corp. has extended its A-series of general-purpose mainframe computers to include the A15 very-large-scale system. The A15 allows users to expand processing capacity up to 70 times without changing software.

Cigaleto S.p.A., the luxury hotel chain, has been sold to the Aga Khan for about 10 billion lire (about \$92 million), according to Italian press reports.

Citicorp will set up a trust bank

subsidiary in Japan following Tokyo's decision to let eight non-Japanese banks enter this sector, a spokesman of Citibank N.S. in Tokyo said. The bank has been negotiating a cooperation agreement with Yasuda Trust & Banking Co.

Des Moines Register & Tribune Co. said it would negotiate with Gannett Co., publisher of USA Today and the largest U.S. newspaper chain, on the sale of The Register's 14-percent stake in Cowles Media Co., publisher of the Minneapolis Star and Tribune.

Shell U.K. Ltd. made an after-tax profit of £383 million (\$448 million) in 1984, an increase of 15 percent over the previous year. Its

chairman, John Raisman, said the results were pulled down by the company's oil manufacturing and marketing divisions and should have been around £500 million.

StatOil, Norway's government-owned oil company, is to buy Exxon's Swedish petroleum operations subject to approval by the Swedish government. Terms were not disclosed.

Texaco Inc., ranked third in the U.S. oil industry, had a sharp rise in net proved developed oil and gas reserves as the result of its \$10.1-billion acquisition of Getty Oil Co., according to its annual report.

Thai Airways Co., the state-owned Thai airline, has been given final approval by the government to buy two new Airbus A310-200s, despite fierce competition from Boeing Co., a government spokesman said. The airline already has five Boeing 737-200s in its fleet.

Toshiba Corp. has signed a contract with China's government-owned Wuhan General Copying machine plant to provide technical assistance for the manufacture of plain paper copiers.

Braniff Tries Low-Key, Low-Cost Route to Profits

(Continued from Page 17)

through "frequent traveler" programs.

"There were no other options" but to try a different approach, Mr. Foley recalled recently. "We'd give in the concept enough time to see if it would work. We decided to make a change."

So far, the change has been working. Under the old strategy, the load factor, which measures how many available seats are occupied, averaged 42.3 percent from March through October. In contrast, Mr. Ridgeway said, the loads from November through February averaged 64 percent, with a high of 65 percent in February.

At the same time, he added, Braniff has been able to reduce its costs. By May, he predicted, its break-even load factor will be below 60 percent. Now, it is about 65 percent.

A major expense that the airline has shed is the cost of 10 of the 20 planes that were grounded last November and remained parked at Love Field in Dallas, where Braniff has its headquarters.

The company had to continue to make lease payments of \$90,000 a month on each to BRNF Liquidating Trust, which represents the airline's creditors. Braniff also had to spend \$30,000 a month per plane on maintenance.

"With all 10 of them parked out there," Mr. Ridgeway said, "that was \$1.2 million of unproductive costs going out the front door each month."

He said that the carrier returned the planes to BRNF.

Also, the monthly rental of

90,000 on the remaining planes has become a bargain. The price of about \$5 million a plane to more than \$8 million. The rise is mainly ascribed to falling aviation fuel prices, which have made the used planes less costly to operate.

The airline, which has put 10 more planes in service, also has built up its route system and is flying 15 planes to 13 cities, with the other five planes being used for charters. Still, it remains a shadow of its former self. At its height, Braniff International had 70 planes flying to more than 50 domestic locations and an extensive network in Latin America.

Mr. Ridgeway conceded that Braniff faces stiff competition from such powerful rivals as American Airlines, which accounts for 65 percent of the travel at Dallas-Fort Worth. While American has 11 nonstop flights daily from Dallas to New York, and Delta Air Lines has seven, Braniff has limited itself to two.

American tolerates Braniff because it would lose more money by matching Braniff's fares than by letting the smaller airline have a limited fare advantage. Braniff's one-way, unrestricted coach fare from Dallas to La Guardia in New York, for example, is \$135, compared with \$344 for the large carriers.

Large carriers do offer some much lower fares, but with restrictions, such as a 30-day advance purchase requirement. Such restrictions make these fares less attractive to travelers who cannot plan far ahead.

Braniff also is seeking to spread its operations to areas where the competition is less fierce. On April 28, Mr. Ridgeway said, Braniff will put three to five of its planes into Kansas City, Missouri, for flights to Los Angeles, Phoenix, Arizona, Las Vegas, New York's La Guardia Airport and National Airport in Washington.

"It's a more humble approach," said Robert Fornaro, the vice president of marketing for Braniff.

"We're not looking to be a large hub-dominating airline."

China Offers Oil Price Help

BEIJING — China will take active measures to cooperate with OPEC countries to stabilize oil prices, a Chinese envoy told the Venezuelan Foreign Ministry.

800% PROFITS - FACT OR FANTASY?

Economists who belittle the American dream are oblivious to the North American quest for achievement. In its relentless pursuit of ultimate excellence, the United States has been described as a daring experiment, one generation ahead of everybody else, the last word in modernity, the future that works, the next century. Even the inroads of Japan will not permanently fracture America's vision of fulfillment.

The convulsions of Vietnam set back, but did not negate, America's "rendezvous with destiny". Americans are emerging from the self-incriminating lyrics of the 1960s' students have abandoned the "gospel" according to Bob Dylan, and are studying again, trying to blend materialism with non-dogmatic morality.

We are not advocating a return to "Great Gatsby" class distinctions or the capitalism mocked by Sinclair Lewis, but rather an enlightened fiscalism, combining Yankee thrift with creative adventurousness.

In January 1982, our editors, mirroring the new mood in America, wrote... "We are adamant in predicting a massive bull market, repeating our thesis that the DOW NOW 750, WILL TOUCH 1,000, BEFORE HITTING 750, THAT BY 1983, 100,000,000 SHARE TRADING DAYS WILL BE ROUTINE ON THE N.Y.S.E. FOR THE LEAST EXPENSIVE COMMODITIES IN THE WORLD ARE BONA-FIDE U.S.A. EQUITIES, MOST OF WHICH ARE TRADING FAR BELOW REPLACEMENT VALUE OR FUTURE EARNING POWER. DOOMSDAY THINKING IS A HARBINGER OF BETTER TIMES. FOR EVERY BULL MARKET IS SPAWNED DURING THE NADIR OF SOUR ECONOMIC NEWS". Our prophecies eventuated. Once again the contrarian triumphed. And now? We believe the DOW will catapult over 1500.

C.G.R.'s current letter reviews four "Big Board" corporations that may be ingested by predators. In addition, we focus upon a low-priced stock with the potential to emulate a recently

recovered "special situation" that spiraled 800% before a 4-1 stock split.

For your complimentary copy, please write to or telephone:

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Name: _____
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Phone: _____
BT 27/3

Past performance does not guarantee future results

البنك العربي الصرفي

Arab Banking Corporation

1984 ABC Group Results

Consolidated Balance Sheet

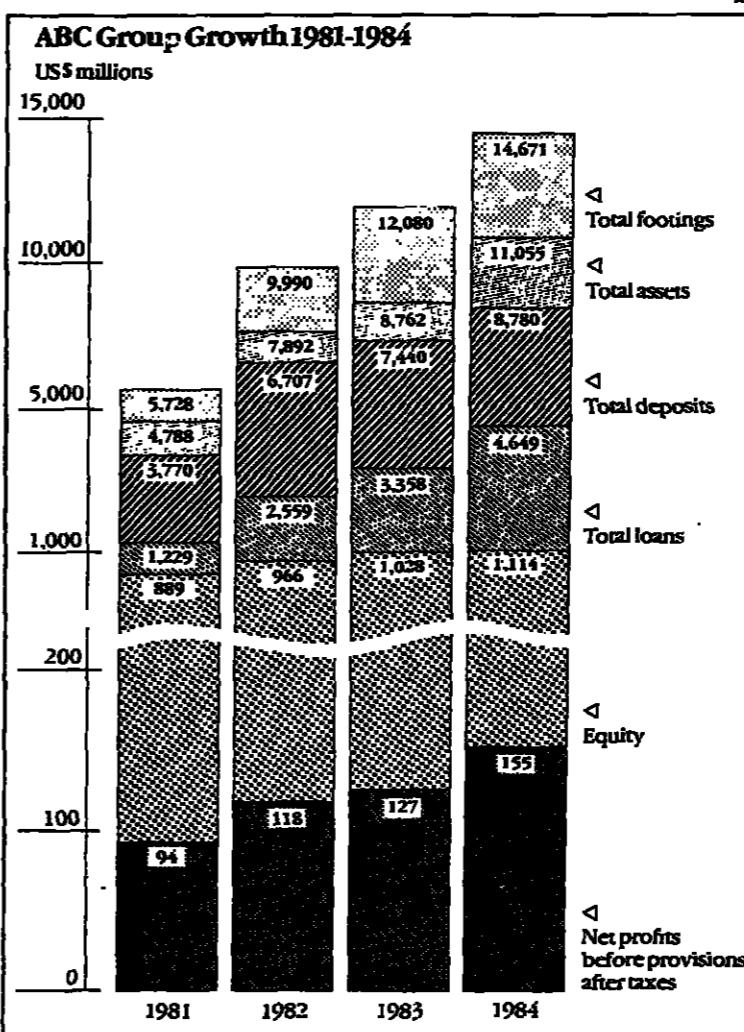
31 December 1984

	1984 US\$ (in millions)	1985 US\$ (in millions)
Assets		
Liquid funds	362	15
Marketable securities	544	420
Deposits with banks and other financial institutions	4,962	4,742
Loans and advances	4,649	3,358
Investments in affiliates	29	24
Other assets	390	187
Premises and equipment	119	16
Total assets	11,055	8,762
Liabilities		
Deposits from customers	1,810	823
Deposits from banks and other financial institutions	6,970	6,617
Certificates of deposit	532	—
Other liabilities	452	213
Proposed dividend	45	45
Total liabilities	9,809	7,698
Capital resources		
Term notes and bonds	132	36
Shareholders' funds		
Share capital	750	750
Reserves	348	266
Retained earnings	16	12
Total capital resources	1,114	1,028
Total liabilities and capital resources	11,055	8,762

At the Ordinary Shareholders General Meeting held on March 13, 1985, the Shareholders of Arab Banking Corporation (B.S.C.) ratified the audited Financial Statements of the Corporation ending December 31, 1984 and approved the appropriation of net profits as proposed by the Board of Directors as follows:

Net profit for the year	110	107
Retained earnings at beginning of the year	12	16
Profit available for appropriation	122	123
Appropriations		
Statutory reserve	11	11
General reserve	25	25
Extraordinary financial reserve	25	30
Proposed dividend	45	45
Retained earnings at end of the year	16	12

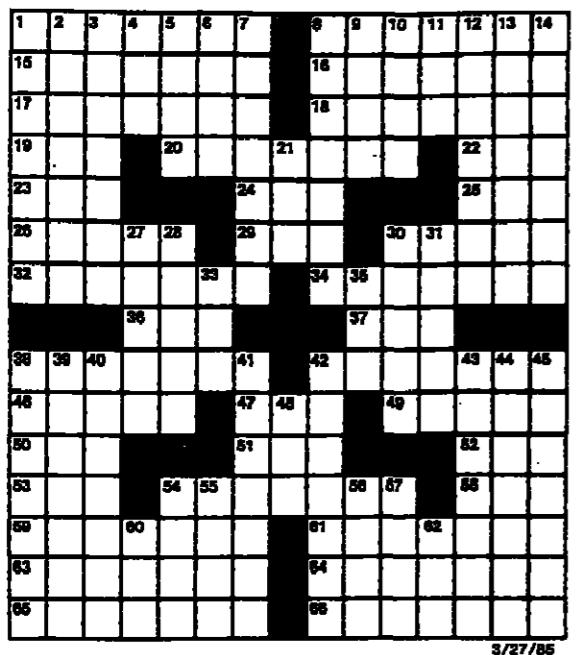
ABC Group Growth 1981-1984



Ratios

	1981	1982	1983	1984

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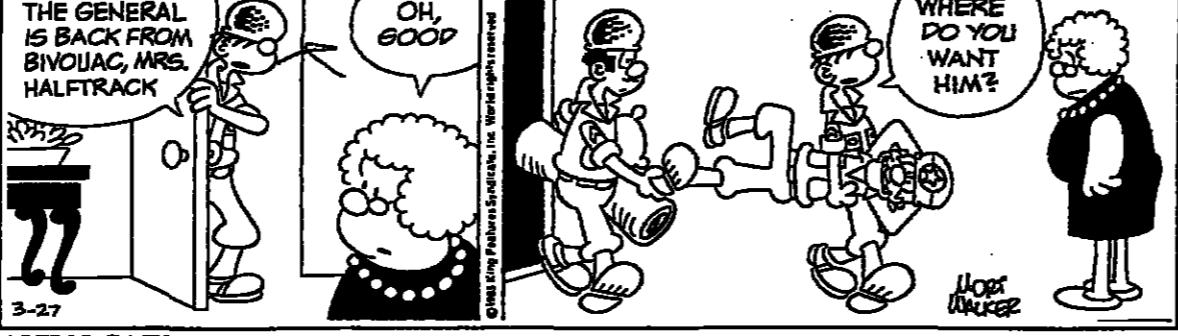
PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



ACROSS

- 1 Generally regarded
- 8 Musical form
- 15 Issue
- 16 Account
- 17 Balearic island
- 18 School at Anapolis
- 19 "pro nobis"
- 20 Draws back
- 22 French article
- 23 City on the Danube
- 24 "m."
- Verdaria
- 25 Lake Balkhash feeder
- 26 Moral code
- 29 Large quantity
- 30 Stone pillar
- 32 Perform again
- 34 Rome's St. John —
- 36 Queen Spanish name
- 37 Sleep phenom.
- 38 Autocrats
- 42 Ready
- 46 Diminish
- 47 Average
- 49 Union unit
- 50 TV network
- 51 River in Devon
- 52 Germ cells
- 53 Liq. measures
- 54 Library
- 55 Tennis term
- 59 Members of a pride
- 61 Analgesic
- 63 Descendant of Esan
- 64 Celestial gatekeeper
- 65 Stripper
- 66 Toadies
- 1 This hits the 2 Kin of a sheikdom
- 3 Flair
- 4 Numero
- 5 Salts
- 6 Engrave
- 7 "Mommie —, 'C.
- 8 Pertaining to the skull
- 9 Shucks!
- 10 Shamrocks' cousins
- 11 Divest, as of pests
- 52 Cézanne had one
- 13 Clam's plate
- 14 Heavenly
- 21 Wrath
- 27 All thumbs
- 28 Hiawatha's craft
- 30 Lennon's " — and Glass"
- 33 Kind of bird or call
- 35 Travel abr.
- 38 Spotted
- 39 Hit song in 1953
- 40 W.W. I poet
- 41 He wrote "Astrophel"
- 42 Laundry verb
- 43 Altar boy
- 44 Glutton
- 45 Some beetles
- 46 What the king of diamonds has
- 47 Average
- 48 This precedes bellum
- 49 Center
- 50 Labor org.
- 51 River St. Hen St.
- 52 Germ cells
- 53 Liq. measures
- 54 Library
- 55 Tennis term
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- 46 What the king of diamonds has
- 47 Average
- 48 This precedes bellum
- 49 Center
- 50 Labor org.
- 51 River St. Hen St.

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DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ARDOH

CYZAR

GALENT

SUMOTT

WHAT THE SWABIE WAS LOOKING FORWARD TO.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: **_____**

(Answers tomorrow)

Yesterday's Jumble: MESSY TWEET SALOON HEREBY

Answer: Some people who are worth a lot can still be this — WORTHLESS

WEATHER

EUROPE

HIGH

LOW

HIGH

LOW

Algeria

71 70

74 74

Amsterdam

11 10

11 10

Barcelona

19 46

19 46

Bledjene

11 10

11 10

Brussels

14 25

14 25

Bucharest

14 25

14 25

Caracas

6 25

6 25

Denia

10 25

10 25

Dublin

10 25

10 25

Edinburgh

8 46

8 46

Geneva

15 57

15 57

Jerusalem

19 46

19 46

Tel Aviv

23 75

23 75

London

14 57

14 57

Madrid

15 57

15 57

Milan

15 57

15 57

Moscow

15 57

15 57

Nice

15 57

15 57

Oslo

15 57

15 57

Paris

15 57

15 57

Prague

11 25

11 25

Stockholm

17 25

17 25

Strasbourg

15 57

15 57

Turin

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OBSERVER

England: Jolly Good Buy

By Russell Baker

NEW YORK — Big spenders had known for years that England was the place to shop if you wanted an artistic masterpiece as a hedge against inflation.

The word that spread rapidly among excessively moneyed shopkeepers was, "England is a jolly good buy in Old Masters," and in time, billionaires hoping to establish art museums in the cultural deserts that had spawned them were buying entire collections in England almost as casually as Americans used to buy postcards in Paris.

A new word spread among the world's billionaires: "England is a jolly good buy in art museums if you're looking for something to class up that arid backwater you call home."

At this stage, shoppers who thought of England as a jolly good buy were mostly the sort of people who buy a Velázquez to hang over the barbecue grill as a conversation piece.

Then a startling idea was spread by a combination of merchants who sell consumer goods, airplane seats, and credit cards. In huge advertisements these entrepreneurs urged Americans to use their credit cards to buy airplane seats to London in order to buy consumer goods at bargain prices at Harrods, possibly England's finest department store.

Suddenly the entire world was invited to think of the English market as not a snooty auction room knocking down Rubens and Holbein to Mr. and Mrs. Moneybags but as a barge basement of the things that make the pulse of common humanity pound faster: bedroom slippers, pillow cases, photograph frames, socks, bathrobes, neckties, etc.

Rarely is there such a dramatic illustration of our genius for reducing romance, fantasy — even mirage — to ordinariness. It was bound to make people rethink their world. Perhaps if the world was of such ordinariness, they had given in to their dictatorial successors they will have safe places to flee to.

All are looking forward to fleeing to England, where — if they can steal their national treasures before fleeing home — they hope to buy Windsor Castle before the Arabs bid up the price.

Perhaps England was nothing but a jolly good buy. One hadn't thought of England quite like that

before. One had thought of Henry VIII, Good Queen Bess, and so on, but now suddenly it had become just another place on the trolley line.

Such changes in ways of thinking can have explosive effect. And so, England was stunned early in 1985 to hear that all of Harrods — famous, elegant Harrods — had been bought by an Egyptian family.

A few days later, another astonishing piece of market news: Burke's Peerage, the honored record book of British nobility's bloodlines, had been bought by an American.

It was inevitable that by the end of 1985 a consortium of Italian dress designers would start dicker- ing to buy Alistair Cooke, whose presence they anticipated, would add tone to their showings.

This deal collapsed, of course, when it was discovered that Cooke was not English but American. Italian couture's attempt to buy an American, however, so outraged Donald Trump, the New York real estate tycoon, that he immediately attempted to buy Italy.

Italy, somewhat testily, told Trump there wasn't enough money in New York to buy the Leaning Tower of Pisa, much less the rest of Italy's glory, and mention of Pisa's tower turned Trump's attention to the Tower of London.

In its current condition, true, it was scarcely a worthy companion piece to the Trump Tower of Fifth Avenue, but by putting boutiques on the third floor, raising the entire structure 50 stories higher and putting in triple-penthouse suites, architects could probably turn it into something that a rock star would not be ashamed to be found over-dressed in.

In fact, the Tower of London was such a jolly good buy that before Trump could close a deal it was snapped up by a syndicate of Latin American dictators. They are dividing it into condominiums so that after being overthrown by their dictatorial successors they will have safe places to flee to.

Runners-up to "Amadeus" were "The Killing Fields," with three Oscars — the others were for cinematography, by Chris Menges, and for editing — and "A Passage



Winners: Forman, director; Field and Abraham, best acting; Ashcroft (top right) and Ngor, best support; Cohn (below right), foreign film.

'Amadeus' Wins 8 Oscars; Abraham Named Best Actor

Compiled by Our Staff From Dispatches

LOS ANGELES — "Amadeus," a fictional account of Wolfgang Amadeus Mozart's final years as seen by a rival composer, Antonio Salieri, dominated the Academy Awards with eight Oscars, including best picture and best actor, for F. Murray Abraham as the jealous Salieri. Sally Field claimed her second Oscar for best actress as a farm widow in "Places in the Heart."

Heng S. Ngor, a Cambodian refugee making his acting debut as an American reporter's assistant in "The Killing Fields," and Dame Peggy Ashcroft as the enigmatic English visitor, Mrs. Moore, in "A Passage to India," were named best supporting performers at the 57th Academy Awards. The ceremony Monday night was telecast to most of the world, including China for the first time.

Miles Forman took the best-director prize for "Amadeus," which also captured awards for makeup, sound, art direction, costume design and screenplay adaptation, by Peter Sharer from his play of the same name. The Czech-born Forman also won as best director for 1975's "One Flew Over the Cuckoo's Nest."

Runners-up to "Amadeus" were "The Killing Fields," with three Oscars — the others were for cinematography, by Chris Menges, and for editing — and "A Passage

to India" and "Places in the Heart," with two apiece.

Abraham, 45, a veteran of television commercials and off-Broadway theater, won for his first starring film role. Tom Hulce as Mozart had also been nominated as best actor.

Field, 37, who was also named best actress for 1979's "Norma Rae," thanked the writer-director Robert Benton, who won this year's Oscar for best original screenplay. "Oh Benton, what you did for me," she said. "You changed my life, truly. This means so much more to me this time."

Ashcroft, 77, did not attend the ceremony; she was in England for the funeral of Sir Michael Redgrave. Her award was accepted by Angela Lansbury, who said it was "marvelous" that after an illustrious stage career, Peggy can now be seen and appreciated by film audiences everywhere.

Ngor, 34, who was trained as a physician, and was working as a refugee employment counselor in Los Angeles before being cast in "The Killing Fields," said: "This is unbelievable, but so is my entire life." He thanked his producer, David Puttnam, and director, Roland Joffé, as well as the "caring lady who found me," and concluded: "I thank God, Buddha, that I am even here."

Ngor played Dith Pran, the Cambodian assistant to The New York Times correspondent in Phnom Penh, Sydney H. Schanberg, during the fall of the city to the Khmer Rouge insurgents. Like Pran, Ngor was marked for death by the Khmer Rouge as an intellectual. He was captured three times and lost part of a finger while being tortured.

The most popular award of the evening was given by Cary Grant to James Stewart, an honorary Oscar for "50 years of memorable performances, for high ideals both on and off the screen."

Stewart, 76, strode out to a standing ovation and, with customary modesty, thanked all his co-workers — "everybody who was there with me and helped me along between 'action' and 'cut'."

The music awards included Stevie Wonder's "I Just Called to Say I Love You" from "The Woman in Red," as best song. The rock star Prince won for best original score song or adaptation score for his semi-autobiographical film "Purple Rain" and came up to accept his award in a blue-sequined tuxedo. Maurice Jarre won for his original score for "A Passage to India," and said: "I was lucky Mozart was not eligible this year."

The Oscar for best foreign-language film went to the Swiss-made "Dangerous Moves," produced by Arthur Cohn, about

a world-championship chess match between a Russian and an exiled dissident. It starred Michel Piccoli, Liv Ullmann and Leslie Caron.

At the beginning of the broadcast, the master of ceremonies, Jack Lemmon, sounded the theme for the awards show.

"Brevity is the soul of wit," Lemmon said, "and we hope to be very witty tonight."

Last year the ceremonies ran 3 hours and 45 minutes, a mark trimmed by 40 minutes this year as most recipients, signaled by red lights and threatened with cut-off music if they exceeded the 45-second time limit, kept their acceptance speeches short.

Other awards:

DOCUMENTARY FEATURE: "The Times of Harvey Milk."

DOCUMENTARY SHORT SUBJECT: "The Stone Carvers."

ANIMATED SHORT FILM: "Charade."

LIVE ACTION SHORT FILM: "Up."

VISUAL EFFECTS: "Indiana Jones and the Temple of Doom."

JEAN HERSHOLT AWARD: David Wolper, producer of the opening and closing ceremonies of the 1984 Summer Olympic Games.

SPECIAL ACHIEVEMENT: "Sound Effects Writing," Kay Rose, "The River."

GORDON E. SAWYER TECHNICAL AWARD: Linwood G. Dunn, special effects cameraman.

HONORARY AWARD: National Endowment for the Arts.

Movies on Bank Fail; Mafia Planned in Italy

Max von Sydow, Rod Steiger and Dustin Hoffman will be in May to film movies dealing with bank failures and the Mafia, newspapers say. "Il Punto" (Penitentiary) will deal with Tom Bassetti, whose confession is police round up hundreds of suspected of Mafia activities with the Sicilian bandit Mi Sodoma, who is accused of a masterminded his own kidnaps from New York and the slaying of an Italian official investigating collapse of his banking empire. Sydow is to play Sodoma, the paper "Stampa Sera" said. An English-speaking director, Corrado della Sera, said Steiger would appear in "Il Punto" as Roberto who was found hanging Blackfriars Bridge in London the failure of his Banco Asiano, and that Hoffman will play Flavio Carbone, one of the people to see Calvi alive.

Princess Margaret, 54, who underwent lung surgery two months ago, has been ordered by her doctors to cancel a visit to Gladeside said Tuesday.

The American novelist Vonnegut Jr. has called the mounting of the Polish chapter PEN, the international writers' association, a tragic move. Von and another novelist, William Styron, met with writers in Warsaw last week. Poland's independent PEN chapter was suspended in August 1983 and re-formed under the Ministry of Culture. The parent organization voted not to re-elect the new chapter. "There are Eastern European countries which have independent PEN clubs which work fine there," Vonnegut He and Styron went to Gdansk to meet with Lech Walesa, leader of the banned trade union Solidarity, lromatic sources said.

The comedians Carol Burnett and Sid Caesar and the former anchorman Walter Cronkite been inducted into the Television Academy Hall of Fame. Red Skelton, of "Twilight Zone" fame, and Joyce Bulifant and Joyce Bulifant, of "The Lucy Show," were inducted posthumously. The Hall of Fame officials, were inducted posthumously by the Academy of Television and Sciences.

ANNOUNCEMENTS

ANNOUNCEMENTS

NAFPIERRE, PLUS LE FRANCAIS. Götterdämmerung, Juin 85 en Tournée 1 personne. Tarif: Adult 85 Frs. Abre 1000. 3000. 3500. 4000. 4500. 5000. 5500. 6000. 6500. 7000. 7500. 8000. 8500. 9000. 9500. 10000. 10500. 11000. 11500. 12000. 12500. 13000. 13500. 14000. 14500. 15000. 15500. 16000. 16500. 17000. 17500. 18000. 18500. 19000. 19500. 20000. 20500. 21000. 21500. 22000. 22500. 23000. 23500. 24000. 24500. 25000. 25500. 26000. 26500. 27000. 27500. 28000. 28500. 29000. 29500. 30000. 30500. 31000. 31500. 32000. 32500. 33000. 33500. 34000. 34500. 35000. 35500. 36000. 36500. 37000. 37500. 38000. 38500. 39000. 39500. 40000. 40500. 41000. 41500. 42000. 42500. 43000. 43500. 44000. 44500. 45000. 45500. 46000. 46500. 47000. 47500. 48000. 48500. 49000. 49500. 50000. 50500. 51000. 51500. 52000. 52500. 53000. 53500. 54000. 54500. 55000. 55500. 56000. 56500. 57000. 57500. 58000. 58500. 59000. 59500. 60000. 60500. 61000. 61500. 62000. 62500. 63000. 63500. 64000. 64500. 65000. 65500. 66000. 66500. 67000. 67500. 68000. 68500. 69000. 69500. 70000. 70500. 71000. 71500. 72000. 72500. 73000. 73500. 74000. 74500. 75000. 75500. 76000. 76500. 77000. 77500. 78000. 78500. 79000. 79500. 80000. 80500. 81000. 81500. 82000. 82500. 83000. 83500. 84000. 84500. 85000. 85500. 86000. 86500. 87000. 87500. 88000. 88500. 89000. 89500. 90000. 90500. 91000. 91500. 92000. 92500. 93000. 93500. 94000. 94500. 95000. 95500. 96000. 96500. 97000. 97500. 98000. 98500. 99000. 99500. 100000. 100500. 101000. 101500. 102000. 102500. 103000. 103500. 104000. 104500. 105000. 105500. 106000. 106500. 107000. 107500. 108000. 108500. 109000. 109500. 110000. 110500. 111000. 111500. 112000. 112500. 113000. 113500. 114000. 114500. 115000. 115500. 116000. 116500. 117000. 117500. 118000. 118500. 119000. 119500. 120000. 120500. 121000. 121500. 122000. 122500. 123000. 123500. 124000. 124500. 125000. 125500. 126000. 126500. 127000. 127500. 128000. 128500. 129000. 129500. 130000. 130500. 131000. 131500. 132000. 132500. 133000. 133500. 134000. 134500. 135000. 135500. 136000. 136500. 137000. 137500. 138000. 138500. 139000. 139500. 140000. 140500. 141000. 141500. 142000. 142500. 143000. 143500. 144000. 144500. 145000. 145500. 146000. 146500. 147000. 147500. 148000. 148500. 149000. 149500. 150000. 150500. 151000. 151500. 152000. 152500. 153000. 153500. 154000. 154500. 155000. 155500. 156000. 156500. 157000. 157500. 158000. 158500. 159000. 159500. 160000. 160500. 161000. 161500. 162000. 162500. 163000. 163500. 164000. 164500. 165000. 165500. 166000. 166500. 167000. 167500. 168000. 168500. 169000. 169500. 170000. 170500. 171000. 171500. 172000. 172500. 173000. 173500. 174000. 174500. 175000. 175500. 176000. 176500. 177000. 177500. 178000. 178500. 179000. 179500. 180000. 180500. 181000. 181500. 182000. 182500. 183000. 183500. 184000. 184500. 185000. 185500. 186000. 186500. 187000. 187500. 188000. 188500. 189000. 189500. 190000. 190500. 191000. 191500. 192000. 192500. 193000. 193500. 194000. 194500. 195000. 195500. 196000. 196500. 197000. 197500. 198000. 198500. 199000. 199500. 200000. 200500. 201000. 201500. 202000. 202500. 203000. 203500. 204000. 204500. 205000. 205500. 20